To: Campaign Managers

From: Mitch Bainwol

Re: Democrats and Corporate Responsibility

As you know, the Democrats have adopted a strategy to make corporate irresponsibility a political rather than a criminal issue. They believe they can convince Americans that because Republicans have received campaign contributions from certain corporations, Republicans are responsible for the criminal activities of people within those corporations.

Far, far worse than that, however, the Democrats have turned the economy of the United States into their personal political playing field. With people like Congressman Gephardt in the lead, they are doing everything possible to drive down the economy in a desperate attempt to win elections in November.

What they are doing is no game. What they are doing is very dangerous. The national Democrats are willing to jeopardize the retirement funds, college accounts, and lifelong investments of millions of Americans just so they might be able to gain more political power. We have even had one Democratic candidate go so far as to publicly recommend against investing in the stock market. I have never before witnessed a candidate for the United States Senate telling people to not invest in America's future.

We must counter this Democratic campaign against America's economy. They have chosen to conduct this campaign and there is nothing we can do about their choice. But we can control our own message, which is one of great confidence in the underlying strength of the American economy.

In addition, rather than trying to create political issues from criminal ones, we believe it's more important to fix problems. We will continue to do so. Already we are seeing corporate criminals go to jail. More will follow. A corporate responsibility bill from Congress is a done deal. Good things are happening. We are getting things done.

Still, we have to deal with the repercussions of what the Democrats are trying to do. It's incumbent upon us to stay our own positive course – and hope that the Democrats will soon follow. But there is absolutely no indication they will do that. In fact, what they desperately want to do is blame all Republicans for the economic troubles. They do this by pointing to relationships Republicans may have had with various implicated corporations.

We've prepared the following information for you to use if they continue to follow their national game plan. We think you will not have to use it – for the most part people see through what the Democrats are trying to do. But if necessary, you will have this information to show that Democrats have plenty of problems in their own house (or Senate...) – without attempting to create them for the American economy.

Recently Failed Corporations And Corporations With

Questionable Accounting Practices:

The Democratic Connection

Larry Noble, The Executive Director Of The Center For Responsive Politics—A Non-Partisan Campaign Finance Watchdog Group—Believes That Democrats Are Hoping No One Will Look At Corporate Contributions To Their Party. "*The reality is, the Democrats are no longer in the clear when they say that 'the Republicans are the party of big business.' This is not a black-and-white issue for Democrats. They know it, too. This is why they're trying to keep public attention focused on Bush's personal business dealings - so that people won't look at the corporate donations to the Democratic Party.*" (Dick Polman, "Democrats Share The Blame For Corporate Chicanery," *The Philadelphia Inquirer*, July 21, 2002) (emphasis added)

***CBS News'* Elizabeth Fulk Argues That The Democrats Should Not "Get Too Giddy About The Corporate Corruption Scandal" Because The Party Has "Its Own Corporate Cross To Bear." "*Corporate irresponsibility has become the Democratic Party's main line of attack this week. Democratic honcho Howard Wolfson opened a can of worms in a meeting with members of the press when he said that corporate accountability could be a winning issue for Democrats across the nation. . . . But while the Democrats have made a major effort to tie the White House and the GOP to the corporate scandals, the party pining to recapture control of Congress has its own corporate cross to bear in fallen telecommunications giant Global Crossing.*"** (Elizabeth Fulk, "It's Not Just The Republicans," http://www.cbsnews.com/stories/2002/07/12/politics/main515049.shtml, July 12, 2002) (emphasis added)

Unfortunately For Democratic Operatives, Global Crossing Is Just One Of Many "Irresponsible" Corporations Identified By Independent Observers, Democratic Analysts And Media Outlets That Is Inextricably Linked To The Democratic Party. (See Appendix For List Of Companies) Millions Of Dollars Of Campaign Contributions To Democratic Politicians, Huge Soft Money Donations To Party Committees And Media Documented Contacts Between High Level Democratic Officials And Corporate Representatives Are Just A Few Of The Elements Of The Close Association Between The Democratic Party And These Corporations.

Consider:

- **Since January 1, 1991, Democratic Party Committees And Democratic Candidates Have Collected Over $21 Million From Corporations And Donors Implicated In Questionable Business Practices.**
- **Since January 1, 1991, Democratic Party Committees Have Secured Almost $8.5 Million In Unregulated And Unlimited Soft Money Contributions From Failed Corporations, Corporations Under Investigation And Donors Linked To Controversial Stock Transactions.**
- **Over The Past Decade, Democratic Candidates And Party Committees Have Amassed**

Almost $7.7 Million In Political Action Committee Contributions From Failed Corporations And Corporations Whose Business Practices Are Under Scrutiny.

- **Forty-Nine Of The 50 Current Democratic Senators Have Accepted Contributions From Controversial Corporations Or Donors Linked To Problematic Stock Transactions —Or Both.**
- **Democratic Leaders In The Senate Have Received Hundreds Of Thousands Of Dollars In Campaign Contributions From Bankrupt Corporations, Corporations Under Investigation Or Donors Implicated In Suspect Stock Sales.**
- **The Democratic Chairmen Of The Major Senate Committees Investigating Corporate Improprieties Have Also Accumulated Hundreds of Thousands Of Dollars In Campaign Largesse From Corporations And Donors That They Will Examine.**
- **Even Democratic Senate Challengers And Candidates For Senate Open Seats Are Closely Allied To Corporations Implicated In Questionable Business Practices.**
- **A Leading Democratic Donor Who Supports Many Of The Most Endangered Senate Democrats Has Been Connected To Insider Trading While Serving As Chief Executive Officer Of Global Crossing.**
- **Many Influential Democratic Congressional Staffers And Former Clinton Administration Officials Have Led The Lobbying Efforts Of Embattled Firms Such As Arthur Andersen And Enron.**

Since 1991, The Corporations Under Scrutiny, Their Employees And Other Major Contributors Linked To Insider Stock Trades Have Donated Over $21 Million To The Democratic Party And Its Candidates.

- Democratic Party Committees And Candidates Have Enjoyed The Philanthropy Of The Corporations And Donors Currently Under Investigation For More Than A Decade—Raking In More Than $21 Million. Since the Federal Election Commission began tracking soft money contributions in 1991, the companies implicated in questionable accounting practices, as well as the failed corporations, have donated $21.2 million to Democratic candidates, the Democratic Party and affiliated committees. In total, Global Crossing, Pacific Capital and individuals associated with those companies alone donated over $2.3 million to Democratic interests, while MCI Worldcom and its employees supplied almost $2.2 million to Democratic causes. Overall, the corporations and donors in this study have given well over 13,000 separate donations since 1991, including almost 7,400 political action committee contributions to Democratic entities.
- **Democratic Candidates Have Collected Almost $10 Million From These Corporations And Related Donors.** Over the last decade, Democratic candidates for federal office have received $9.9 million from the failed companies and those under investigation. The Democratic hopefuls gathered $6.2 million in political action committee contributions and another $3.6

million from individuals. Leadership PACs linked to Democratic politicians also accepted over $100,000 in soft money from the "irresponsible" donors.

- **Democratic Party Committees Have Garnered Slightly More Than $11 Million From The Suspect Corporate Interests And Donors.** The companies and donors in this study have been very generous to the national Democratic campaign committees. The Democratic National Committee raised almost $4.7 million from these interests, while the Democratic Congressional Campaign Committee received another $2.6 million.

- **Organizations Affiliated With The Democratic Party Have Also Been The Recipients Of Tens Of Thousands Of Dollars From Problem Companies And Donors.** According to its website, the New Democratic Network, founded in 1996, "supports federal, state and local candidates who advocate economic growth and fiscal responsibility, strong American leadership in world affairs and world markets, a smaller, smarter government, and a progressive approach to social issues that respects family, faith, and community." (New Democratic Network, www.newdem.org, July 18, 2002) That group also received $156,750 from companies and donors linked to "corporate irresponsibility."

- **The Current Democratic Senate Majority And Their Affiliated Committees Have Been Particularly Skilled In Soliciting And Accumulating Huge Campaign Contributions From Problematic Corporations And Donors.**

- **The Democratic Senatorial Campaign Committee And Its Connected Committees Have Raised Over $3.4 Million In The Past Decade.** The DSCC alone has amassed about $3.1 million from these companies and donors, including $2.3 million in soft money contributions. The DSCC Joint Fundraising Committees raised another $310,000 from these controversial business interests.

- **Almost Every Democratic Senator Has Received Campaign Contributions From Donors And/Or Companies Linked To Failed Business Practices, Insider Trading Or Accounting Malfeasance.** Forty-nine out of 50 Democratic Senators have received political contributions from Enron or Arthur Andersen during their political careers. Only Sen. Mark Dayton (D-Minn.) has failed to secure the funds of these corporations.

- **Democratic Senators In The 107th Congress And Their Leadership PACs Have Collected Over $2.6 Million From Donors And/Or Companies Linked To Questionable Business Practices, Insider Trading Or Accounting Troubles.** Overall, the 49 Democratic Senators who received contributions from failed companies and controversial donors collected $2,637,453. This figure includes $331,000 from Global Crossing and other Gary Winnick-connected firms, $292,561 from MCI WorldCom and another $120,963 from Enron Corporation.

- **Today's Senate Democratic Leadership Has Accumulated Almost Three-Quarters Of A Million Dollars From The Very Corporations And Donors That They Are Now Attacking.** The 10 members of the Senate Democratic Leadership have accumulated $738,553 from the corporations connected with "irresponsible" business practices. Tom Daschle and his affiliated

political committees have received $238,750 from these donors. DSCC Chair Patty Murray (D-La.) has amassed $91,730 from these corporations and donors, while Steering Committee Chairman John Kerry has collected another $67,110.

- **Powerful Democratic Committee Chairmen—The Same Chairmen Who Are Investigating Enron, MCI WorldCom And Arthur Andersen—Tallied Thousands Of Dollars In Political Contributions From Those Exact Corporations.**

- **Commerce, Science & Transportation Committee Chairman Ernest "Fritz" Hollings.** Hollings, who said, "I've never seen a better example of cash 'n' carry **government than this Bush** administration and **Enron," has accepted $102,426 from the controversial companies and donors. (Senator Ernest Hollings, Press Conference, February 4, 2002) Hollings received $2,500 in PAC contributions from Enron and, on April 30, 1998, he received a $1,000 contribution from Stanley Horton,** chairman and CEO of Enron Transportation Services. According to the *Chicago Tribune*, Horton was one of the "insiders" posting the biggest sales of Enron stock between January and August 2001, garnering a windfall of $7 million. (Melita Marie Garza, "7 Enron Execs Made Millions From Stock," *Chicago Tribune*, January 24, 2002)

  Hollings has even closer ties to Global Crossing and MCI WorldCom. Hollings has collected $16,500 from Global Crossing and its employees, and over $30,000 from MCI WorldCom.

- **Governmental Affairs Committee Chairman Joe Lieberman.** Senator Lieberman has received $96,750 from questionable companies and donors, including $17,750 from Arthur Andersen's corporate PACs. According to *The New York Times*, "Mr. Lieberman was asked by a legal watchdog group to recuse himself because a group he co-founded, the New Democrats Network, had received $25,000 from Enron. Critics have also pointed out that Citigroup, Enron's largest lender, is Mr. Lieberman's top donor, giving his campaigns $112,000 since 1997, campaign records show." (Don Van Natta Jr., "Enron Spread Contributions On Both Sides Of The Aisle," *The New York Times*, January 21, 2002) Lieberman has also collected $13,000 from Global Crossing.

- **Energy & Natural Resources Committee Chairman Jeff Bingaman.** Overall, Sen. Bingaman has received almost $60,000 from failed corporations and donors linked to questionable stock trades. For many years, dating all the way back to his first reelection campaign in 1988, Enron has supported Senator Bingaman, whose "state is traversed by a major east-west Enron gas pipeline." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002) In total, Bingaman received $15,874 in donations from Enron and its employees.

  During the 2000 Democratic Convention in Los Angeles, **Enron hosted an event at** a Santa Monica hotel to honor Senator Bingaman. *The Associated Press* reported that Enron held the party because "Bingaman would ascend to the chairmanship if his party recaptures the majority" and because Bingaman "backs **Enron's** efforts to deregulate the electric industry. 'We want to make sure Mr. Bingaman knows what our position is, and I think he supports that position too,' **Enron** spokesman Mark Palmer said." (Jonathan D. Salant, "Companies Prepare For A Democratic Takeover," *The Associated Press*, August 14, 2000) (emphasis added)

- **Health, Education, Labor & Pensions Committee Chairman Edward Kennedy.** Corporations under investigation and other questionable donors have filled Sen. Kennedy's campaign and leadership PAC coffers with $127,550. Leading the pack is Global Crossing/Pacific Capital. Employees of the Gary Winnick-controlled firms have given Sen. Kennedy $62,500. Employees of Arthur Andersen have also been consistent donors to the campaigns of Senator Kennedy. Overall, the Arthur Andersen PAC and the firm's employees have contributed $24,750 to Kennedy.

- **Many Of The Democratic Candidates Running For Election In 2002 Have Been Long Time Recipients Of Campaign Contributions From The Corporations And Donors Under Question.**

- **The 14 Senate Incumbents Running For Reelection In November And Their Connected Political Committees Have Accepted Almost $700,000 From These Corporations And Donors.** Almost half of the Democratic incumbents up for election have received $50,000 or more for the failed corporations and other businesses under investigation. Leading all candidates is Sen. Robert Torricelli, (D-N.J.) who has accepted $123,350 from these donors since 1991. Senate Finance Committee Chairman Max Baucus (D-Mont.) has also collected over $100,000 from these donors, including $81,500 from the corporations' political action committees. The other big recipients of these funds are: Sen. Tom Harkin (D-Iowa), who has raised $60,150; Sen. Mary Landrieu (D-La.), who has collected $56,396; and Sen. Max Cleland, who has received almost $49,000.

- **Even Democratic Challengers And Open Seat Candidates Have Been Able To Secure Big Contributions From The Corporations And Donors Under Scrutiny For Their Business Practices.**

    - During his two Senate campaigns, Colorado Democratic challenger and former Global Crossing lobbyist Tom Strickland has raised $22,450 from the problem corporations. In this election cycle alone, Strickland has accepted $14,950 from these corporations, including $8,000 from Global Crossing and $4,950 from Qwest.

    - Former Clinton Chief of Staff Erskine Bowles—a leading Senate Democratic candidate in North Carolina—has raised $8,500 from the companies and donors under investigation. Among his donors are: Leo Hindery and employees of Lucent and Xerox.

    - New Hampshire Democrat Jeanne Shaheen has received contributions from MCI WorldCom, as well as employees of Lucent.

Contributions From Corporations And Donors Under Scrutiny For Their Business Practices				
To Democratic Senators And Their Affiliated Committees: 1991-Present				

Rank	Democratic Senator	Individual Donations	PAC/Soft Money	Overall Total
1	Daschle, Thomas A (D-S.D.)	$ 47,000	$ 191,750	$ 238,750
2	Kennedy, Edward M (D-Mass.)	$ 106,550	$ 21,000	$ 127,550
3	Dodd, Christopher J (D-Conn.)	$ 46,800	$ 76,693	$ 123,493
4	Torricelli, Robert G (D-N.J.)	$ 69,350	$ 54,000	$ 123,350
5	Schumer, Charles E (D-N.Y.)	$ 89,750	$ 31,607	$ 121,357
6	Baucus, Max S (D-Mont.)	$ 34,750	$ 81,500	$ 116,250
7	Hollings, Ernest F (D-S.C.)	$ 42,926	$ 59,500	$ 102,426
8	Cantwell, Maria (D-Wash.)	$ 94,750	$ 7,375	$ 102,125
9	Lieberman, Joseph I (D-Conn.)	$ 37,250	$ 59,500	$ 96,750
10	Murray, Patty (D-Wash.)	$ 49,604	$ 42,126	$ 91,730

Contributions From Corporations And Donors Under Scrutiny For Their Business Practices

To Democratic Senators And Their Affiliated Committees: 1991-Present (cont.)

Rank	Democratic Senator	Individual Donations	PAC/Soft Money	Overall Total
11	Feinstein, Dianne (D-Calif.)	$ 35,850	$ 42,250	$ 78,100
12	Wyden, Ron (D-Ore.)	$ 24,690	$ 50,750	$ 75,440
13	Kerry, John F (D-Mass.)	$ 63,100	$ 4,010	$ 67,110
14	Breaux, John B (D-La.)	$ 15,848	$ 50,600	$ 66,448
15	Clinton, Hillary Rodham (D-N.Y.)	$ 52,965	$ 12,000	$ 64,965
16	Dorgan, Byron L (D-N.D.)	$ 10,000	$ 50,500	$ 60,500

17	Harkin, Tom (D-Iowa)	$ 9,650	$ 50,500	$ 60,150
18	Bingaman, Jeff (D-N.M.)	$ 11,998	$ 47,874	$ 59,872
19	Durbin, Richard J (D-Ill.)	$ 19,065	$ 38,500	$ 57,565
20	Landrieu, Mary L (D-La.)	$ 22,500	$ 33,896	$ 56,396
21	Conrad, Kent (D-N.D.)	$ 11,750	$ 43,650	$ 55,400
22	Bayh, Evan (D-Ind.)	$ 21,666	$ 33,250	$ 54,916
23	Reid, Harry M (D-Nev.)	$ 11,750	$ 40,000	$ 51,750
24	Cleland, Max (D-Ga.)	$ 13,042	$ 35,800	$ 48,842
25	Stabenow, Debbie (D-Mich.)	$ 22,150	$ 21,500	$ 43,650
26	Mikulski, Barbara A (D-Md.)	$ 3,750	$ 36,500	$ 40,250
27	Graham, Bob (D-Fla.)	$ 15,500	$ 24,520	$ 40,020
28	Levin, Carl (D-Mich.)	$ 10,950	$ 27,750	$ 38,700
29	Reed, Jack (D-R.I.)	$ 4,075	$ 30,543	$ 34,618
30	Lincoln, Blanche Lambert (D-Ark.)	$ 3,000	$ 31,500	$ 34,500
31	Boxer, Barbara (D-Calif.)	$ 17,450	$ 16,500	$ 33,950
32	Rockefeller, John D IV (D-W.Va.)	$ 9,500	$ 21,000	$ 30,500
33	Leahy, Patrick J (D-Vt.)	$ 29,400	$ 1,000	$ 30,400
34	Johnson, Tim (D-S.D.)	$ 9,500	$ 20,256	$ 29,756
35	Nelson, Ben (D-Neb.)	$ 7,000	$ 22,500	$ 29,500
36	Nelson, Bill (D-Fla.)	$ 11,500	$ 13,299	$ 24,799
37	Inouye, Daniel K (D-Hawaii)	$ 7,000	$ 15,700	$ 22,700
38	Sarbanes, Paul S (D-Md.)	$ 6,250	$ 11,300	$ 17,550
39	Carnahan, Jean A (D-Mo.)	$ 7,300	$ 7,500	$ 14,800
40	Carper, Thomas (D-Del.)	$ 10,500	$ 2,500	$ 13,000

41	Biden, Joseph R Jr (D-Del.)	$ 10,500	$ -	$ 10,500
42	Byrd, Robert C (D-W.Va.)	$ 500	$ 9,500	$ 10,000
43	Corzine, Jon S (D-N.J.)	$ 6,625	$ 1,000	$ 7,625
44	Miller, Zell B (D-Ga.)	$ 1,000	$ 6,500	$ 7,500
45	Feingold, Russell D (D-Wis.)	$ 2,200	$ 5,000	$ 7,200
46	Wellstone, Paul D (D-Minn.)	$ 6,750	$ -	$ 6,750
47	Akaka, Daniel (D-Hawaii)	$ -	$ 3,700	$ 3,700
48	Edwards, John R (D-N.C.)	$ 3,000	$ -	$ 3,000
49	Kohl, Herb (D-Wis.)	$ 1,250	$ -	$ 1,250
Total		**$ 1,149,254**	**$ 1,488,199**	**$ 2,637,453**

Includes PAC contributions, donations from company employees and their immediate family members not otherwise employed outside the home.

Media Organizations And Public Interest Groups Have Noted That Both Parties Have Been Large Recipients Of Campaign Contributions From Corporate America.

- ***The Philadelphia Inquirer* Informed Its Readers That The Democratic Party Is "Heavily Financed By Big Business."** "With the Dow taking a dive and small investors taking a bath, Democrats are hot to tap corporate greed as a campaign issue, to rail against Republican fat cats while portraying themselves as guardians of the little guy. But this is not your grandfather's Democratic Party anymore. The contemporary party is heavily financed by big business . . . Democrats helped kill some of the earliest attempts to compel accurate accounting practices; helped enact laws making it tougher for aggrieved investors to file lawsuits; and blocked early reform efforts that would have barred the big accounting firms from working as consultants for the clients they audit." (Dick Polman, "Democrats Share The Blame For Corporate Chicanery," *The Philadelphia Inquirer*, July 21, 2002) (emphasis added)

- ***The Washington Post* Has Reported That Fortune 500 Companies "Hedge Their Bets" And Often Give Political Contributions To Both Major Parties.** "Both parties have experienced a dramatic increase in donations from Fortune 500 companies, which traditionally hedge their bets by giving to Democrats and Republicans alike. Between 1995 and 2002, businesses accounted for nearly 90 percent of the massive, unregulated 'soft money' contributions both parties received, according to the Center for Responsive Politics. Corporate soft money contributions nearly doubled between the 1996 and 2000 congressional elections, rising from $209 million to $383 million." (Jim VandeHei and Juliet Eilperin, "Political Caution In Zeal for Reform; Hill Plays Down Its Pro-Business Past," *The Washington Post*, July 13, 2002) (emphasis added)

- ***USA Today* Pointed Out That Many Of The Corporate Abuses Began While Democrats Controlled The White House And Key Regulatory Agencies.** "[C]ongressional Democrats, with an eye on the fall elections, are pushing for tough new regulations. They argue there would be no crisis if Republicans hadn't been lax about regulating business while collecting fat campaign contributions from their corporate pals.

  The Democrats' strategy is clever, but for one fact: They are just as cozy with company chieftains. Not only did many of the corporate abuses now becoming public begin while the Democrats controlled the White House and key regulatory agencies, but Democrats are nearly as dependent on business donations as the GOP." (Editorial, "As Business Scandals Mount, Both Parties Share Blame," *USA Today*, July 8, 2002) (emphasis added)

- **Campaign Finance Watchdog Democracy 21 Found That Six Of The Corporations Involved In The Current Scandal Have Donated $5.2 Million To Democratic Interests.** "And while Republicans received more business money than Democrats did, the giving was not entirely lopsided. Six firms at the heart of the current corporate scandals -- Adelphia Communications Corp., Arthur Andersen, Enron Corp., Global Crossing, Qwest Communications International Inc. and WorldCom Inc. -- gave $ 7.7 million in soft money to Republicans and $ 5.2 million to Democrats over the past decade, according to the watchdog group Democracy 21." (Jim VandeHei and Juliet Eilperin, "Political Caution In Zeal for Reform; Hill Plays Down Its Pro-Business Past," *The Washington Post*, July 13, 2002) (emphasis added)

- **Under President Bill Clinton, The Democratic Party Was Very "Aggressive" In Pursuing Campaign Contributions From Telecommunications Firms Like MCI WorldCom And Global Crossing.** "Democrats were often even more aggressive than Republicans in courting high-tech and telecommunications firms in the late 1990s, as their sectors were producing the fastest-growing companies in the United States. This strategy, coupled with the party's bruising battle over health care reform in 1993 and 1994, at the outset of President Bill Clinton's tenure, made some Democrats wary of attacking corporate interests." (Jim VandeHei and Juliet Eilperin, "Political Caution In Zeal for Reform; Hill Plays Down Its Pro-Business Past," *The Washington Post*, July 13, 2002) (emphasis added)

Democrats Appear To Have Close Connections With The Companies Under Investigation. A More In-Depth Examination Shows That Democratic Candidates And Officials Are Linked To These Firms Both Professionally And Personally. These Five Case Studies Show The Multifaceted Relationship Between The Democrats And The Embattled Corporations And Donors.

CASE STUDY #1: GARY WINNICK & GLOBAL CROSSING/PACIFIC CAPITAL

In 1997, Gary Winnick, A Former Junk Bond Salesman Who Worked Closely With Convicted Felon Michael Milken, Founded The Telecommunications Firm Global Crossing Ltd. Winnick Is Also The Founder, Chairman And Chief Executive Officer Of Pacific Capital Group, A

Merchant Bank That Is A Principal Investor In Such Fields As Telecommunications, Media, Real Estate, Financial Services, Health Care, And Biotechnology.

Winnick's Firms—Pacific Capital And Global Crossing—Have Deep Roots With Today's Democratic Establishment. For Over A Decade, Gary Winnick, The Winnick Family And His Employees At Pacific Capital And Global Crossing Have Filled The Democratic Party Coffers With Millions Of Dollars In Political Contributions. Now That Global Crossing Has Failed, Winnick's Political Connections, Business Practices And Flamboyant Lifestyle Have Come Under Greater Scrutiny.

- **When It Filed For Chapter 11 Protection, Global Crossing's Bankruptcy Was The Fourth Largest In American History.** "Global Crossing Ltd., an international telecommunications company whose market value once soared past that of General Motors Corp., filed for bankruptcy protection yesterday, unable to support the weight of $12 billion in debt amid a declining world economy. . . . Global Crossing's collapse despite $22.4 billion in assets is the fourth-largest bankruptcy in history, according to BankruptcyData.com -- bigger even than Kmart Corp., which had $16.3 billion in assets when it filed for protection last week." (Christopher Stern, "Global Crossing Files for Bankruptcy; Debt Load Dooms Former Highflier," *The Washington Post*, January 29, 2002)

- **A Leading Business Magazine Sees Strong And Disturbing Parallels Between The Collapse Of Enron And The Scandal At Global Crossing.** "The emerging scandal at Global Crossing has many of the same ingredients as Enron's: a colossal bankruptcy, a politically connected chairman who walked away with millions, dubious accounting, and inadequate disclosure. There's even a whistle blower's prophetic warning and a familiar accounting firm, Arthur Andersen. The SEC and the FBI are looking into whether Global Crossing used improper accounting to inflate its revenues. And investors are racing to learn whether other telecoms did the same." (Jeremy Kahn, "How Telecom's Bad Boy Did It," *Fortune*, Monday, March 4, 2002) (emphasis added)

- **The Federal Bureau Of Investigation And The Securities And Exchange Commission Are Currently Investigating Corporate Improprieties By Global Crossing Executives.** "The FBI has begun a criminal investigation into accounting practices at Global Crossing Ltd., the high-speed telecommunications company that filed for bankruptcy last month, a federal law enforcement official said Friday. The inquiry is to determine whether a full-scale criminal probe of the multibillion-dollar cable giant's financial management is warranted, the official said, asking not to be identified. Earlier this week, officials of Global Crossing, whose executive offices are in Los Angeles, reported that they were cooperating with the Securities and Exchange Commission in a separate investigation." (Lenny Savino, "FBI Probing Global Crossing As Well As SEC," *Knight Ridder*, February 9, 2002)

Stock Options In Global Crossing Ltd. Made Hundreds Of Millions Of Dollars For Gary Winnick And Other Global Crossing Executives. In Fact, Members Of The Global Crossing Management Earned More In Insider Sales Than All Of Enron's Executives Combined.

- **Global Crossing Made Gary Winnick A Billionaire In Just Eighteen Months.** "John D. Rockefeller took 25 years to make his first billion. Gary Winnick needed only 18 months. Yet

nearly five years after he took bold steps to create the world's most advanced fiber optic network, the business has collapsed and Winnick is at the center of the furor." (Simon Avery, "Global Crossing Head Shows Passion For Making Money, Bending Rules," *The Associated Press*, March 5, 2002) (emphasis added)

- **Winnick And His Colleagues Made Approximately $1.3 Billion In Three Years From By Selling Global Crossing Stock—An Amount That Exceeded Insider Sales At Enron.** "Top executives, however, generated a total of $1.3 billion in stock sales from 1999 through last November, government filings show -- an amount that exceeds even the insider sales at Enron Corp. Global's chairman, Gary Winnick, sold nearly $735 million in stock, while co-founder Barry Porter reaped $95.9 million from shares." (Rebecca Blumenstein, Deborah Solomon And Kathy Chen, "Global Crossing Cosseted Executives As Pink Slips Loomed, Stock Fell," *The Wall Street Journal*, February 21, 2002)

Gary Winnick's Washington D.C. Connections Strengthened Dramatically When He Retained Current Democratic National Committee Chair Terry McAuliffe As A Consultant In 1997.

- **In 1997 Gary Winnick Hired Terry McAuliffe As A Consultant In Part Because, According To McAuliffe, Winnick Was "Looking For A Little Political Action."** "In early 1997, Mr. McAuliffe also deepened his private business activities, operating out of an office in downtown Washington that belonged to Mr. Winnick's Pacific Capital Group, a billion-dollar operation based in Beverly Hills. Mr. Winnick retained Mr. McAuliffe as a consultant. Mr. McAuliffe, who forged a relationship with Mr. Winnick through a business associate active in Democratic politics, explained the arrangement this way: 'Gary likes the action. He wanted a stable of people around him with great contacts' to 'help him work on deals.' Mr. McAuliffe said the contacts were not political, but he also said that he was hired in part because 'Winnick was looking for a little political action.' After one year with Pacific Capital Mr. McAuliffe had produced no deals and Mr. Winnick ended his retainer." (Jeff Gerth, "Friendship Counts; Clinton's Top Fund-Raiser Made Lots for Himself, Too," *The New York Times*, December 12, 1999) (emphasis added)

- **Before Gary Winnick Ended Terry McAuliffe's Relationship With Pacific Capital, He Offered McAuliffe An Opportunity To Invest In Global Crossing—An Investment That Made McAuliffe Millions Of Dollars.** "But in 1997, before the breakup, Mr. Winnick offered Mr. McAuliffe an opportunity to invest in a new Internet-related venture that would own and operate undersea fiber-optic cables. The venture, now known as Global Crossing Holdings, had potential risks and rewards. It also faced myriad regulatory issues in Washington and around the world. For Mr. McAuliffe and all the other early investors, Global Crossing turned out to be a bonanza. Mr. McAuliffe says his initial $100,000 investment grew to be worth about $18 million, and he made millions more trading Global's stock and options after it went public last year. And recently, Mr. McAuliffe said he took a telecommunications deal to Mr. Winnick that Global Crossing will put money into. Mr. McAuliffe says he is a dealmaker and a matchmaker. 'I've got to have 25 balls in the air at the same time,' he said." (Jeff Gerth, "Friendship Counts; Clinton's Top Fund-Raiser Made Lots for Himself, Too," *The New York Times*, December 12, 1999) (emphasis added)

- **Reporters Believe That It Is Politically Embarrassing For The Democrats' National Chairman To Have Made Millions Investing In Global Crossing While "Many Small Investors Ultimately Got Soaked."** "National Democratic chairman Terry McAuliffe enjoyed

a sweet stock deal with Global Crossing Ltd., a telecommunications firm that went belly-up in January (the fourth-largest bankruptcy in U.S. history). The deal was legal, but, politically, it's embarrassing that, as a result of an inside favor - he was invited to invest in Global Crossing before it went public - he cashed out $18 million from a $100,000 investment while many small investors ultimately got soaked." (Dick Polman, "Democrats Share The Blame For Corporate Chicanery," *The Philadelphia Inquirer*, July 21, 2002) (emphasis added)

- **McAuliffe Remained In Close Contact With Gary Winnick, Arranging Golf Outings Between Winnick And President Bill Clinton. He Also Solicited A $1 Million Contribution From Winnick For The Clinton Presidential Library.** "Global Crossing enjoyed access to top Democrats, including Terry McAuliffe, chairman of the Democratic National Committee. He reportedly turned a $100,000 investment in Global Crossing into an $18 million stock profit. McAuliffe also arranged for Gary Winnick, Global Crossing's chairman, to play golf with President Clinton. Winnick later donated $1 million to Clinton's presidential library." (Glen Johnson, "Troubled Internet Company Gave Money To Mass. Politicians," *The Boston Globe*, February 13, 2002) (emphasis added)

Since January 1, 1991, Pacific Capital, Global Crossing And The Winnick Family Have Contributed Over $2.3 Million to Democratic Committees And Democratic Candidates.

- **Democratic Party Committees Have Raised Over $1.6 Million In Unregulated And Unlimited Soft Money Donations From Winnick-Controlled Entities.** Since 1991, the Democratic National Committee has received $690,000 from Gary Winnick and his companies. The Democratic Congressional Campaign Committee accepted another $412,500 in soft money donations.

- **Democratic Candidates And Their Affiliated Committees Have Received Close To $550,000 From The Winnick Family And The Employees Of Global Crossing And Pacific Capital.**

- **Democratic Senators And The Committee That Oversees Their Election Have Been Among The Leading Recipients Of The Winnick Related Bounty.**

- **Over The Past Decade, The Democratic Senatorial Campaign Committee Raised Over $530,000 In Soft Money From Global Crossing And The Winnicks.** In just the last full election cycle of 1999-2000, the DSCC took in $451,652 from Global Crossing and individuals affiliated with the bankrupt telecommunications concern.

- **Over Three-Quarters Of Current Democratic Senators Have Received Political Contributions From Winnick-Controlled Entities And Former Global Crossing Employees—A Total Of Almost $400,000.** Thirty-eight of the 50 Democratic Senators have garnered political contributions from the Winnick family or employees of Pacific Capital and/or Global Crossing. In total, current Democratic Senators have raised $331,000.

Top Recipients Of Contributions From Winnick-Related Entities:

Democratic Senators & Their Affiliated Committees		
Rank	**Incumbent**	**Total**
1	Kennedy, Edward M (D-Mass.)	$ 62,500
2	Daschle, Thomas A (D-S.D.)	$ 42,000
3	Kerry, John F (D-Mass.)	$ 21,500
4	Feinstein, Dianne (D-Calif.)	$ 20,000
5	Hollings, Ernest F (D-S.C.)	$ 16,500
6	Lieberman, Joseph I (D-Conn.)	$ 13,000
7	Landrieu, Mary L (D-La.)	$ 11,000
8	Cantwell, Maria (D-Wash.)	$ 10,250
9	Nelson, Bill (D-Fla.)	$ 10,000
10	Schumer, Charles E (D-N.Y.)	$ 10,000
11	Cleland, Max (D-Ga.)	$ 8,000
12	Reid, Harry M (D-Nev.)	$ 8,000
13	Levin, Carl (D-Mich.)	$ 7,500

Top Recipients Of Contributions From Winnick-Related Entities:

Democratic Senators & Their Affiliated Committees (cont.)		
Rank	**Incumbent**	**Total**
14	Conrad, Gaylord Kent (D-N.D.)	$ 7,000
15	Dodd, Christopher J (D-Conn.)	$ 7,000
16	Inouye, Daniel K (D-Hawaii)	$ 6,000
17	Rockefeller, John D IV (D-W.Va.)	$ 6,000

18	Clinton, Hillary Rodham (D-N.Y.)	$ 5,750
19	Breaux, John B (D-La.)	$ 5,500
20	Reed, Jack (D-R.I.)	$ 5,500

- **Ten Of The 14 Democratic Senate Incumbents Running For Reelection In 2002 Have Received Campaign Contributions From The Winnick Financial Empire.**

Top Recipients Of Contributions From Winnick-Related Entities:		
2002 Democratic Senate Incumbents		
Rank	**Incumbent**	**Total**
1	Kerry, John F (D-Mass.)	$ 21,500
2	Landrieu, Mary L (D-La.)	$ 11,000
3	Cleland, Max (D-Ga.)	$ 8,000
4	Levin, Carl (D-Mich.)	$ 7,500
5	Rockefeller, John D IV (D-W.Va.)	$ 6,000
6	Reed, Jack (D-R.I.)	$ 5,500
7	Harkin, Tom (D-Iowa)	$ 4,500
8	Baucus, Max S (D-Mont.)	$ 4,000
9	Torricelli, Robert G (D-N.J.)	$ 2,000
10	Durbin, Richard J (D-Ill.)	$ 1,000

- **Colorado Democratic Senate Nominee Tom Strickland, Who Also Lobbied In Washington D.C. For Global Crossing, Has Raised $14,000 From Winnick Concerns During His Two Campaigns For The Senate.**

Through McAuliffe's Efforts And Hundreds Of Thousands Of Dollars In Campaign Contributions To The Democratic Party, Gary Winnick Remained Friendly With President Bill Clinton.

- **During The 2000 Democratic Convention, President Clinton Dined In A Private Room At**

Spago, A Toney Los Angeles Restaurant, With Gary Winnick, Governor Gray Davis And Two Other Couples. "Between parties, [Eli] Broad talked about big contributions. 'A million one-twenty-five' of his own money was what he figured he'd sunk into the landing of the Democratic National Convention, maybe another $250,000 so far in hard and soft money for various candidates this year. He'd been invited, as of this day, Sunday, to 340 convention parties. Sunday's schedule had 10 pit stops between breakfast and midnight. He'd dined with the president [Clinton] on Friday in a back room at Spago with the governor [Gray Davis] and mayor and corporate friends--the Ed Roskis, the Gary Winnicks." (Shawn Hubler, "Noshing In The Upper Stratosphere," *Los Angeles Times*, August 15, 2000) (emphasis added)

- **At A Reception At The Global Crossing Plaza For Congressional Candidate Jane Harman In November 2000, President Bill Clinton Remarked On His Longtime Friendship With Gary Winnick.** "Well, thank you very much. I have had a wonderful time tonight. And after Alex Winnick gave his speech, I thought, there's nothing for the rest of us to say. [Laughter] He made the case for Jane. Thank you very much, Alex. And I thank you, Gary, and thank you, Karen, for having us here. I would like to hear the whole history of this building. I wish these walls could talk. This might be one of the tamer events it would speak of. [Laughter] Gary Winnick has been a friend of mine for some time now, and I'm quite thrilled by the success that Global Crossing has had. And it's interesting to me, and I think it's fitting that they're now housed in this historic site." (Weekly Compilation of Presidential Documents, "Remarks At A Friends Of Jane Harman Reception In Beverly Hills, November 6, 2000) (emphasis added)

- **Among Other Guests At Bill Clinton's Super Bowl Party This Year Was Gary Winnick, Whose Company Was Collapsing At The Same Time.** "We hear . . . that among the guests at Bill Clinton's Super Bowl party were Gary Winnick, who made a fortune from Global Crossing while the fiber optic company was going bust, and a buxom blonde who seemed to be especially close to the ex-president. Clinton was heard confiding, 'She married a guy worth $6 billion, but she still likes to flirt with me.'" ("She Rubs Star The Wrong Way," *The New York Post*, February 12, 2002)

Global Crossing Also Developed Close Business Relationships With The Spouse Of A Powerful Democratic Senator, A Senior Advisor To Former Vice President Al Gore And A Current Senate Candidate.

- **In 1998 Global Crossing Hired Al Gore Adviser Greg Simon And Anne Bingaman, The Wife Of Senator Jeff Bingaman (D-N.M.), As Lobbyists. Bingaman Alone Earned $2.5 Million In Fees And Stock Options In The First Half Of 1999.** "In November 1998, Global Crossing complained to the Justice Department and the FCC in hopes of blocking the consortium's cable -- and backed up its complaint with a blue-chip lobbying campaign. Global Crossing's outside lobbying team included Greg Simon, a former top aide to Vice President Al Gore, and Anne Bingaman, former antitrust chief in Mr. Clinton's Justice Department. Ms. Bingaman, whose husband is a Democratic senator from New Mexico, received $2.5 million in fees and stock options during the first six months of 1999." (Tom Hamburger And John Harwood, "Global Crossing Got Little in Return For Its Big Political Contributions," *The Wall Street Journal*, March 4, 2002) (emphasis added)

- **The Democratic Senate Candidate In Colorado, Tom Strickland, Worked As A Washington D.C. Lobbyist For Global Crossing, And His Firm Earned Almost Half A Million Dollars In Fees.** "U.S. Senate candidate Tom Strickland worked in 1998 and 1999 as a lobbyist for Global Crossing, the telecommunications firm now under federal investigation for its accounting practices. Strickland's job was to help Global win approval from the Federal Communications Commission for fiber optic systems, his campaign said. . . . Records show that Strickland was one of three attorneys from the Brownstein, Hyatt, & Farber law firm who lobbied in Washington, D.C., on behalf of Global Crossing in 1998 and one of six who did lobbying in 1999. The firm collected about $450,000 in fees during the two years." (Burt Hubbard, "Strickland Lobbied For Global Crossing," *Rocky Mountain News*, February 19, 2002) (emphasis added)

- **Colorado Democrat Tom Strickland Also Made Thousands Of Dollars In One Day By Buying And Selling Global Crossing Stock.** "The lobbying isn't the only contact Strickland has had with Global over the years. Two Global Crossing executives contributed to Strickland's Senate campaign last year. In addition, Strickland made almost a $25,000 profit in one day on the purchase and sale of Global Crossing stock when the company went public in August 1998, according to the candidate's income tax records which he released last year." (Burt Hubbard, "Strickland Lobbied For Global Crossing," *Rocky Mountain News*, February 19, 2002) (emphasis added)

While Gary Winnick And Others Became Multi-Millionaires By Selling Their Stock In Global Crossing, And As The Democratic Party Raised Millions Of Dollars In Campaign Contributions, Many Global Crossing Employees And Investors Lost Their Entire Life Savings.

- **During Four Crucial Weeks, Global Crossing Prevented Its Employees From Selling Company Shares.** "Global Crossing Ltd. prevented its workers from selling company shares or other assets in their 401(k) savings plans for a total of four weeks during December and January, at a time when its fate was increasingly uncertain. While this practice is legal, these so-called lockdowns have become a big issue in the wake of Enron Corp.'s collapse. . . . The Global Crossing disclosure of a lockdown comes as new concerns are emerging about the telecommunications concern's accounting, following published reports of a letter from a former executive who warned in August about what he described as "intentionally misleading" accounting tactics." (Dennis K. Berman, "Global Crossing Lockdown Stopped Workers From Protecting Pensions," *The Wall Street Journal,* January 31, 2002) (emphasis added)

- **A 72-Year Old Former Global Crossing Employee Lost His Severance Just Weeks After He Was Assured That The Company Would Not Declare Bankruptcy.** "Ron McMahon, 72, a former Global employee, was promised two years' severance after he was laid off in July. But the checks stopped coming after the bankruptcy filing and just weeks after McMahon was assured that there would be no bankruptcy. McMahon, and other workers who own Global stock, could also see their now almost worthless shares get virtually wiped out as the company reorganizes. 'Greed is overshadowing all logic,' McMahon says." (Jim Hopkins and Matt Krantz, "Global's Troubles Shouldn't Surprise," *USA Today*, February 27, 2002) (emphasis added)

- **A 42-Year Old Former Truck Driver Lost His Full Social Security Disability Payment In The Global Crossing Debacle.** "'If that guy doesn't go to jail, there's no justice,' said John Burat, a 42-year-old former truck driver in Conshohocken, Pa., who said he poured his full

$31,000 Social Security disability payment into Global Crossing stock last year. 'This is my kid's education. It just makes me sick to my stomach.'" (Simon Avery, "Global Crossing Head Shows Passion For Making Money, Bending Rules," *The Associated Press*, March 5, 2002) (emphasis added)

- **A 14-Year Veteran Of Global Crossing And Its Predecessor Was Dragged Into Bankruptcy And Lost Her Medical Benefits When The Company Filed For Chapter 11 Protection.** "Renee Hinton says it was hard enough when she was laid off last August from Global Crossing Ltd. after 14 years with the company and its predecessor. But when the former fiber-optic darling declared bankruptcy last month, it dragged the systems manager into bankruptcy, too. Like thousands of other laid-off employees, Ms. Hinton was required to take her severance package in spread-out payments rather than a lump sum. With the company's bankruptcy filing, those payments stopped. Medical benefits also were terminated." (Rebecca Blumenstein, Deborah Solomon And Kathy Chen, "Global Crossing Cosseted Executives As Pink Slips Loomed, Stock Fell," *The Wall Street Journal*, February 21, 2002) (emphasis added)

- **One Project Manager Had Her Expense Reimbursement Check Of $350 Bounce On The Day That Global Crossing Declared Bankruptcy.** "'Ninety-five percent of my contributions went to Global Crossing because they matched what I put in and I believed in what they were saying, that the company would turn around,' says Amy Ghazle, a 30-year-old former project manager for Global Crossing. 'Now, I have nothing.' Ms. Ghazle, a resident of Rochester who came to Global Crossing from Frontier, received only three severance payments after being laid off in November, and cashed out her 401(k) plan last week for $150. A $350 check to reimburse expenses that she received on the day that Global Crossing declared bankruptcy bounced." (Rebecca Blumenstein, Deborah Solomon And Kathy Chen, "Global Crossing Cosseted Executives As Pink Slips Loomed, Stock Fell," *The Wall Street Journal*, February 21, 2002) (emphasis added)

Despite Laying Off Thousands Of His Employees And Seeing Many Of Them File For Bankruptcy, Gary Winnick Continues To Lead A Lavish Lifestyle.

- **In 1998, Gary Winnick Bought A Bel Air Mansion For $60 Million—Believed To Be The Highest Price Ever Paid For A Single-Family Home In America.** "In 1998, Mr. Winnick paid more than $60 million for a four-acre estate in the ritzy Los Angeles neighborhood of Bel Air. It's believed to be the highest price ever for a single-family home in the U.S. And Mr. Winnick is continuing to pour in money. He is spending more than $30 million to decorate the mansion, which was once owned by hotelier Conrad Hilton. 'It's probably one of the most ornate residences in the world,' said a person who has seen the house." (Deborah Solomon And Anna Wilde Mathews, "Winnick's Lavish Ways Matched Ambitions for Global Crossing," *The Wall Street Journal,* January 29, 2002) (emphasis added)

- **Gary Winnick Is Currently Spending Another $15 Million To Renovate His 15-Bedroom Bel Air Mansion.** "Winnick made headlines when he paid about $65 million in cash for a 15-bedroom mansion in Bel-Air in 2000. And although his company is bankrupt, Winnick is pushing ahead with $15 million of renovations." (Simon Avery, "Global Crossing Head Shows Passion For Making Money, Bending Rules," *The Associated Press*, March 5, 2002)

- **Notwithstanding The Failure Of Global Crossing, Winnick Continues To Operate His Businesses Out Of An Office That Is A Replica Of The White House's Oval Office.** "Even

as the bulk of Global Crossing's employees and executive staff have migrated to the East Coast, Winnick has maintained the Beverly Hills address, where his personal office is a replica of the White House's Oval Office, and the furniture is worthy of a five-star hotel." (Karen Kaplan And Elizabeth Douglass, "Global Crossing to Leave Beverly Hills," *Los Angeles Times*, February 15, 2002) (emphasis added)

Even Though There Is A Record Of Serious Improprieties By Global Crossing Executives, Massive Insider Trades And Displaced And Destitute Employees, Leading Democratic Senators Refuse To Call For An Investigation Into Global Crossing's Business Practices.

- **Sen. Harry Reid (D-Nev.), The Democratic Senate Majority Whip, Claims He Knows Little About Global Crossing and Has No Plans To Learn More.** "[I]n the Senate, Democratic leaders said they have no plans to look into Global's collapse. 'I don't know much about Global Crossing,' said Sen. Harry Reid, Nevada Democrat and assistant majority leader. Asked if that was because there was less media attention, Mr. Reid replied, 'That's an understatement. Because if it had, I would know more about it.'" (Dave Boyer, "House Probers Eye Global's Collapse," *The Washington Times*, February 17, 2002)

- **Ignoring All Evidence To The Contrary, Sen. Jon Corzine (D-N.J.) Fails To See The Parallels Between Global Crossing And Enron.** "Sen. Jon Corzine, New Jersey Democrat and a member of the Senate Banking Committee, said he doesn't 'see the obvious connects' between Enron and Global Crossing. 'I don't think there is the blatant lockdown situation that occurred with regard to pensioners, and other seemingly apparent fraudulent criminal practices that show up in the Enron case,' Mr. Corzine said. He said Senate Democrats were not avoiding a probe of Global because of Mr. McAuliffe's profit-making." (Dave Boyer, "House Probers Eye Global's Collapse," *The Washington Times*, February 17, 2002) (emphasis added)

CASE STUDY #2: LEO J. HINDERY JR.

A Former Global Crossing Executive And A Strong Supporter Of The Senate Democratic Caucus, Leo J. Hindery Jr. Has Been Linked By *The Wall Street Journal* To Highly Questionable, Undisclosed Stock Trades. The Trades, Which Netted Hindery Hundreds Of Thousands Of Dollars, Were Made At A Time When Global Crossing Barred Its Officers From Trading Company Shares.

- **A Private Partnership Owned By Former Global Crossing CEO Leo Hindery Traded Company Stock While He Was Leading Global Crossing.** "A private investment partnership that was majority-owned by Leo J. Hindery Jr. made a half-dozen undisclosed trades in Global Crossing Ltd. shares after Mr. Hindery became a director and the chief executive officer of that company. The partnership's trades in Global Crossing stock were made at a time when the company was still a highflier trading at around $50 a share." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **The Sale Of Global Crossing Stock By Hindery's Investment Partnership May Have Violated The Rules Of The Securities And Exchange Commission.** "The March 3, 2000, sale

by LJH of 15,000 shares raises a question about whether Mr. Hindery, because of his interest in LJH, may have violated an SEC rule that requires a director or officer who buys a company's stock and then sells it within six months to disgorge his profits to the company, securities lawyers said." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **At The Time Of Hindery's Trades, Global Crossing Barred Its Officers From Trading Company Stock.** "A spokeswoman for Global Crossing, which filed for Chapter 11 bankruptcy protection in January, declined to comment on the partnership. But an official said the partnership's trades were made at a time when the company barred its officers or directors from buying or selling Global Crossing shares. If the partnership's trades were considered for legal purposes to have been made by Mr. Hindery, then they might have breached the rules of the Securities and Exchange Commission, which requires company officers and directors to hold stock for at least six months." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **At The Time Of His Trades, Leo Hindery Was Receiving A Million Dollar Base Salary From Global Crossing And The Company Was Paying $20,000 A Month In Rent For Hindery's Luxury New York Apartment.** "Next came Leo Hindery, a former Denver cable executive who had been heading a Global Crossing subsidiary. Hindery was to receive a base salary of $995,000 and 2 million stock options, plus Global Crossing agreed to pay $20,000 a month rent on his New York City apartment. Hindery left after seven months. As part of his severance agreement, Global Crossing continues to pay Hindery's rent plus $1 million a year through end of this year." (Al Lewis, "Global Crossing's Revolving Door Pure Platinum," *The Denver Post*, February 17, 2002)

- **Hindery Owned As Much As 90 Percent Of The Private Investment Partnership That Bought And Sold Global Crossing Stock.** "The trades were made by LJH Partners LP, a partnership in which Mr. Hindery is a limited partner. Although there are about a dozen limited partners, Mr. Hindery's ownership has often exceeded 90% since May 1999, when LJH began. Trading by LJH in Global Crossing shares began in December 1999, soon after Mr. Hindery became chairman of its GlobalCenter Inc. Internet-services unit. The partnership made a half-dozen purchases and sales of stock before Mr. Hindery became CEO of Global Crossing on March 2, 2000, and another half-dozen afterward." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **In Three Months, Hindery's Investment Partnership Earned Almost A Quarter Of A Million Dollars From Its Global Crossing Trades.** "According to people who have viewed the partnership's trading records, the partnership sold shares on March 3, 2000, netting a profit of more than $150,000, and then bought additional shares in the following weeks. All told, LJH earned $229,908 from its sales of Global Crossing stock in the first three months of 2000." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **Despite The Fact That Hindery Owned As Much As A 90 Percent Interest In The Partnership, The Investment Manager Claims Hindery Was "Unaware" Of The Partnership's Interest In Global Crossing.** "Douglas Luke, who manages LJH, said that he --

and not Mr. Hindery -- makes all the investment decisions for LJH, including the one to buy and sell Global Crossing in 2000. 'Leo was unaware we owned any Global Crossing stock,' he said. Mr. Luke said the Global Crossing trading was 'de minimus' in relation to the $200 million portfolio, and was done 'for short-term capital gains.' Mr. Luke said he never believed that he or Mr. Hindery had a duty to report the holdings of the LJH portfolio to Global Crossing or the SEC. Mr. Luke said he has personally bought shares in all the companies Mr. Hindery was involved with." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **Global Crossing Sources Told *The Wall Street Journal* That Hindery's Trades Ceased After The Company's Lawyers Accidentally Discovered His Undisclosed Trades.** "People close to Global Crossing said that the LJH trades ended after company lawyers accidentally received copies of the LJH trading records in April 2000." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **Hindery Told Other Global Crossing Executives That, Despite Controlling As Much As 90 Percent Of The Partnership, His Interest In LJH Partners LP Was "So Small As To Make It Insignificant."** "At that time, these people said, they asked Mr. Hindery if the trades needed to be reported, and they were assured by him that his interest in the partnership was so small as to make it insignificant. At that point, these people said, they asked LJH to stop buying and selling Global Crossing stock because, they said, it violated the company's policy against unauthorized trading by an insider. Mr. Hindery denied he was ever asked any questions about LJH." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

- **Once Global Crossing Discovered Hindery's Trades, His Partnership Stopped Trading The Company's Stock And The Investment Group Ultimately Lost More Than $700,000 On Global Crossing Stock.** "[T]rading by LJH in Global Crossing stopped in late March, and the partnership ultimately had losses of more than $700,000 when it unloaded the remainder of its holdings in October 2000." (Laurie P. Cohen, "Hindery Group Made Undisclosed Trades In Then-Valuable Global Crossing Stock," *The Wall Street Journal*, April 18, 2002)

Despite These Highly Charged Allegations Of Insider Trading, Democratic Leaders Still Solicit Hindery's Advice And Democratic Candidates Continue To Raise Thousands Of Dollars From Hindery, His Family And His Associates. At Least One Senate Democratic Candidate May Have Even Traveled On Hindery's Private Jet.

- **Leo J. Hindery Jr. And His Family Are Among The Biggest Donors To The Democratic Party, Having Contributed Almost $1.2 Million To Democratic Interests Since 1999.**

- **According To Liberal Magazine *Mother Jones*, Leo Hindery And His Wife Deborah Were The 29th Largest Contributors In The Country During The 1999-2000 Election Cycle.** During the 2000 election, Leo Hindery and his wife contributed $591,902 to political campaigns, of which 98 percent was directed to Democratic party committees and candidates. (Mother Jones 400, www.motherjones.com, July 17, 2002)

- **Since 1999, Leo Hindery Has Donated $1,024,152 In Unlimited And Unregulated Soft Money To National Democratic Party Committees.**
- **Over The Past Two Election Cycles, The Democratic Senatorial Campaign Committee Alone Has Been A Major Recipient Of Leo Hindery's Largesse, Collecting Almost $400,000.**
    - During the 1999-2000 election cycle, Leo Hindery donated $199,152 in soft money to the Democratic Senatorial Campaign Committee. This figure includes two $50,000 contributions on October 3, 2000.
    - On January 26, 2001, Leo Hindery made a $100,000 soft money contribution to the Democratic Senatorial Campaign Committee.
    - On May 29, 2002, Leo Hindery made another $100,000 soft money contribution to the Democratic Senatorial Campaign Committee.
- **In Only The Past Three And A Half Years, Almost Half Of The Democratic Members Of The Senate Have Received Campaign Contributions From Leo Hindery And His Family.**
- **Twenty-One Democratic Senators And Their Affiliated Committees Have Accepted Donations From The Hinderys.** Over $82,000 has been donated by the Hinderys to Democratic Senate interests in the past few years. Sen. Charles Schumer (D-N.Y.) and Sen. Robert Torricelli (D-N.J.) have each received $6,000 from Leo Hindery and his family.
- **Leo J. Hindery Is A Trusted Advisor, Financial Supporter And Personal Friend Of Democratic Senate Majority Leader Tom Daschle (D-S.D.).**
- **Tom Daschle Sought Hindery's Advice In His Role As Co-Chair Of The Democrats' New Economy Task Force.** "The Senate's new majority leader, Thomas Daschle, D-S.D., has allied himself with several high-tech leaders, including Gateway Computer CEO Ted Waitt and former Global Crossing CEO Leo Hindery. Daschle has co-chaired the Democrats' New Economy Task Force since 1999, and the task force has recommended several ways to expand the success of the new economy. High-tech lobbyists therefore are hopeful that Daschle will deliver on priorities for the high-tech industry, such as high-speed Internet policy and investment in research and development." *(National Journal*'s Technology Daily, "Jeffords' Switch Gives Democrats Chance To Take Tech Lead," May 24, 2001) (emphasis added)
- **According To Hindery's Spokesman, The Executive's Support Of The Daschle Agenda Is Based Upon The "Common Values" That The Two Men Share.** "David Krone, a Hindery spokesman, said Hindery gave to Daschle "not based on policy or legislation. This is based on a belief of common values." (Katherine Hutt Scott, "Daschle's Texas Connection: Top Donors Concentrated In Lone Star State," *Gannett News Service*, June 21, 2002) (emphasis added)
- **Leo Hindery And His Family Are Tom Daschle's Biggest Financial Supporters, Having Donated $75,000 Between 1999-2001.** "Overall, Daschle's largest donor between 1999 and 2001 was Leo J. Hindery Jr. of Burlingame, Calif., who, along with his wife and daughter, gave

$75,000. Hindery is the former president of Tele-Communications Inc., a cable TV company that merged with AT&T Corp. in March 1999. Hindery became the head of AT&T's cable TV operations, then became chairman of a Global Crossing unit that maintains Web sites for corporate customers." (Katherine Hutt Scott, "Daschle's Texas Connection: Top Donors Concentrated In Lone Star State," *Gannett News Service*, June 21, 2002) (emphasis added)

- **Leo Hindery Celebrated His 52nd Birthday With Tom Daschle During A Quiet Dinner At Washington D.C.'s Exclusive Galileo Restaurant.** "Yes, that was Mr. Hindery breaking bread with Senate Minority Leader Tom Daschle, D-S.D., at Galileo Restaurant in Washington on Halloween evening. But there was nothing spooky about the occasion for their feast.: They were celebrating Mr. Hindery's 52nd birthday." (Jim McConville, "The Insider," *Electronic Media*, November 8, 1999)

- **Leo Hindery Is Also A Trusted Advisor Of Democratic House Minority Leader Richard Gephardt (D-MO).**

- **Rep. Gephardt Appointed Leo Hindery To His High-Tech Council And In Turn, Hindery Helped The Missouri Democrat To Organize The Panel.** "After spending almost a decade at the forefront of the telecommunications and broadband market, former AT&T cable and Internet strategist and Global Crossing CEO Leo Hindery now will help shape a high-tech council to advise House Minority Leader Gephardt. The council is expected to focus on training, diversity in the high-tech industry, copyright protection, trade policy and energy. It will complement an internal high-tech council Gephardt formed among members of the House Democratic Caucus in mid-1999, said Hindery, who will be in Washington this week to help Gephardt organize the panel." (*National Journal's* CongressDaily, "Telecom CEO To Shape Gephardt's Tech Council," April 24, 2001) (emphasis added)

- **Leo Hindery Is Advising Rep. Gephardt On A Possible Presidential Bid In 2004.** "House Minority Leader Richard A. Gephardt (D-Mo.) has begun laying the groundwork for a 2004 presidential bid, seeking to position himself as the Democratic Party's chief critic of Bush administration policies, according to top advisers. . . . Privately, Gephardt told some of his associates recently he would consider running for president, sources said. Leo Hindery, a major Democratic donor who used to head AT&T, discussed the topic with him a week ago and noted that Gephardt no longer needs to defer to Gore the way he did in 2000." (Juliet Eilperin, "Gephardt Discussed a Possible Presidential Bid with Leo Hindery," The Washington Post, June 10, 2001) (emphasis added)

- **While Advising Democratic Leaders, Leo Hindery Is Also Playing A Very Active Role In Many Of The Most Hotly Contested 2002 Senate Races. He Is Donating Money, Organizing Fundraisers And Is Even Making His Private Jet Available To Democratic Senate Candidates.**

- **So Far This Cycle, 10 Democratic Senate Candidates Have Reaped $27,800 From Leo Hindery, His Wife Deborah And His Daughter. The Recipients Of The Hindery Generosity Are:**

Recipients Of Contributions From The Hindery Family:		
2002 Senate Candidates Only		
Candidate	**Status**	**Amount**
Bowles, Erskine B (D-N.C.)	Challenger	$ 2,000
Carnahan, Jean A (D-Mo.)	Incumbent	$ 4,800
Cleland, Max (D-Ga.)	Incumbent	$ 3,000
Harkin, Tom (D-Iowa)	Incumbent	$ 2,000
Johnson, Tim (D-S.D.)	Incumbent	$ 2,000
Pryor, Mark Lunsford (D-Ark.)	Challenger	$ 3,000
Rockefeller, John D IV (D-W.Va.)	Incumbent	$ 1,000
Strickland, Thomas L (D-Colo.)	Challenger	$ 2,000
Torricelli, Robert G (D-N.J.)	Incumbent	$ 6,000
Wellstone, Paul David (D-Minn.)	Incumbent	$ 2,000

- **Sen. Tim Johnson (D-S.D.) Reimbursed Leo Hindery For Use Of A Corporate Jet In 2001.** Along with the $2,000 that Sen. Tim Johnson has received from Leo Hindery, the "Tim Johnson For South Dakota Inc" committee reimbursed Hindery $2,924.00 for "travel" on November 1, 2001. This strongly suggests that Johnson traveled on Hindery's private jet. ("Tim Johnson For South Dakota Inc," 2001 Year End Federal Election Commission Report, January 31, 2002)

- **Leo J. Hindery And His Family Have Been Particularly Strong Supporters Of Sen. Jean Carnahan (D-Mo.). The "Jean Carnahan For Missouri Committee" Has Collected Almost $5,000 From The Hinderys.**

    - According to Federal Election Commission records, Leo Hindery has given the $2,000 maximum to Jean Carnahan, donating $1,000 on November 26, 2001 and another $1,000 on December 28, 2001.

    - According to Federal Election Commission records, Leo Hindery's wife Deborah made two $900 donations to the Carnahan campaign on November 26, 2001.

    - According to Federal Election Commission records, Robin Cook Hindery, whose occupation according to Jean Carnahan's 2001 Year-End Report is "Student," contributed $1,000 on December 28, 2001—the same day as Leo Hindery.

On November 26, 2001 Deborah Hindery Made A $900 "In-Kind" Contribution To Jean Carnahan For "Catering"—Suggesting That The Hinderys Hosted Senator Carnahan At Their Hillsborough, California Home.

- From November 25-27, 2001, Jean Carnahan's Senate committee collected $10,800 from donors in California, including contributions from Leo and Deborah Hindery.
- Grace De Latour, who was appointed Executive Vice-President for Human Resources at Global Crossing subsidiary GlobalCenter in February 2000 and worked with Leo Hindery at AT&T Broadband & Internet Services, also donated $1,000 to Jean Carnahan on November 26, 2001. ("GlobalCenter Appoints New Executives to Leadership Team," *Business Wi*re, February 3, 2000)
- Mark J. Coleman, who was appointed General Counsel at Global Crossing subsidiary GlobalCenter in February 2000 and served as outside counsel to Leo Hindery for over 15 years, also donated $1,000 to Jean Carnahan on November 26, 2001. ("GlobalCenter Appoints New Executives to Leadership Team," *Business Wi*re, February 3, 2000)
- Leo Hindery, who is currently employed by Yankees Entertainment and Sport (YES), hired Mark J. Coleman as YES General Counsel and Grace De Latour as YES Executive Vice-President, Human Resources only two months before the contributions were made to the Carnahan campaign. ("Yes and Yes Again," Phillips Business Information, September 25, 2001)

- **Leo J. Hindery And His Family Are Also Strong Supporters Of Arkansas Democrat Mark Pryor, Who Has Collected $3,000 From Leo And Deborah Hindery.**
  - According to Federal Election Commission records, Leo Hindery has given the $2,000 maximum to Mark Pryor, donating $1,000 on November 8, 2001 and another $1,000 on November 9, 2001.
  - According to Federal Election Commission records, Leo Hindery's wife Deborah made a $1,000 donation to the Pryor campaign on November 9, 2001.

    On November 8, 2001 Leo Hindery Made A $1,000 "In-Kind" Contribution To Mark Pryor For "Catering"—Suggesting That The Hinderys Hosted A Fundraising Dinner For Mark Pryor At Their Hillsborough, California Home. In All, Hindery Bundled Approximately $17,500 For The Pryor Campaign.
  - From November 8-9, 2001, Mark Pryor's Senate committee collected $13,500 from donors in Northern California, including the contributions from Leo and Deborah Hindery.

    On November 9, 2001, Three Employees Of The Yankees Entertainment And Sport (YES) Network—The Company Chaired By Leo Hindery—Also Donated To Mark Pryor.
  - On the same day that Leo Hindery hosted the fundraising event for Mark Pryor, three

employees of the YES network also donated the maximum $1,000 contribution. These donors are: John J. Filippelli of Greenwich, CT; Jerry Machovina of Largo, FL; and Craig D. Fischer of New York, NY.

On November 9, 2001, Douglas Luke, Who Made The Highly Questionable Global Crossing Stock Trades For Leo Hindery, Also Donated $1,000 To Mark Pryor.

- According to Federal Election Commission records, Douglas Luke donated $1,000 donation to the Pryor campaign on November 9, 2001. Luke is currently President and CEO of HL Capital Inc., whose chairman is Leo Hindery.

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CASE STUDY #3: IMCLONE SYSTEMS INC.

ImClone Systems Inc. Is A Biopharmaceutical Company That Works To Develop Biologic Medicines In The Area Of Oncology. In June 2002, ImClone's Founder And Major Democratic Donor Dr. Samuel Waksal Was Arrested On Charges Of Insider-Trading. Waksal, ImClone And Its Employees Have Donated Over $200,000 To Democratic Candidates And Party Committees.

- **The FBI Arrested Key Democratic Contributor Samuel Waksal On Charges Of Insider-Trading.** "Dr. [Samuel] Waksal was arrested early Wednesday by the Federal Bureau of Investigation and charged with tipping off family members—who traded on the information—and trying to sell his own shares before the price plunged. Federal authorities are continuing to investigate family members and others involved in ImClone trading who could be connected to Dr. Waksal, including Ms. [Martha] Stewart. Dr. Waksal has denied the allegations." (Jerry Markon, "Martha Stewart Sale of Stock Under Inquiry," *The Wall Street Journal*, June 14, 2002) (emphasis added)

- **Samuel Waksal Allegedly Attempted To Sell His ImClone Stock After Learning That The Food & Drug Administration Would Reject The Company's Drug Application.** "Wednesday's arrest of Samuel Waksal, ImClone's founder and former chief executive, on insider-trading charges was spurred by information he got last Dec. 26—two days ahead of the trading public—that the FDA would refuse to review the company's application for the cancer drug. But it was hardly the first inkling that he and other insiders had that the application could be in jeopardy. Starting in late November and continuing through mid-December, the FDA repeatedly gave discouraging news to ImClone, say people familiar with the communications." (Peter Landers and Chris Adams, "ImClone Case Puts the Spotlight On FDA, as Legislators Wonder If More Data Should Get Out," *The Wall Street Journal*, June 14, 2002)

- **Over The Past Decade, ImClone And Its Employees Have Contributed $219,000 To Democratic Party Committees And Candidates.** Accused insider-trader Samuel Waksal has donated $188,500 to Democratic party committees and candidates, while the company itself gave $15,000, and Waksal's brother Harlan supplied another $5,000 to Democratic interests.

- **Democratic Senate Candidates And Committees Created To Assist Senate Democrats Have Received Over $100,000 From ImClone Employees.**

- **The Democratic Senatorial Campaign Committee Received $10,000 From Dr. Samuel Waksal In 2000.**

- **Twenty Percent Of Current Democratic Senators Have Accepted Contributions From ImClone Employees.** Sitting Democratic Senators have raised $23,000 from ImClone, including $1,000 that was contributed to Sen. Max Baucus (D-Mont.) and $500 that was given to Sen. Tim Johnson (D-S.D.).

Democratic Senate Recipients Of Contributions From Employees Of ImClone Systems Inc.

Candidate	Amount
Baucus, Max S (D-Mont.)	$ 1,000
Bayh, Evan (D-Ind.)	$ 2,000
Carper, Thomas (D-Del.)	$ 500
Clinton, Hillary Rodham (D-N.Y.)	$ 8,000
Daschle, Thomas A (D-S.D.)	$ 1,000
Dodd, Christopher J (D-Conn.)	$ 1,000
Johnson, Tim (D-S.D.)	$ 500
Kerry, John F (D-Mass.)	$ 5,000
Levin, Carl (D-Mich.)	$ 1,000
Schumer, Charles E (D-N.Y.)	$ 3,000
Total	**$ 23,000**

- **Sen. Hillary Clinton (D-N.Y.) And Her Affiliated Committees Have Accumulated $71,000 From ImClone Employees.** During the 1999-2000 election cycle, Samuel Waksal provided $56,000 to the joint fundraising committee maintained by the DSCC and Hillary Clinton, while ImClone employees contributed $8,000 directly to Sen. Clinton's principal campaign committee. Waksal also donated $7,000 to Hillary Clinton's leadership committee, HILLPAC.

- **Dr. Samuel Waksal, Whose Spokesman Said That He Had A Longstanding Relationship With The Clintons, Attended A White House State Dinner In 2000.** "First Lady and New York Senate candidate Hillary Clinton returned to the White House on Sunday, welcoming guests to perhaps the final state dinner of her husband's presidency. But she may not have left

the campaign trail entirely behind. Nearly one of every six guests at the dinner in honor of Indian Prime Minister Atal Bihari Vajpayee had written a check to boost Hillary's Senate bid. . . . Dr. Samuel Waksal, president and CEO of ImClone Systems, a New York-based biotech firm, also donated $2,000 to the campaign and another $20,000 to the New York Senate fund. An aide to Waksal says he has a longstanding relationship with both Clintons dating back to 1992." (Debra Rosenberg, "Just the Ticket?" *Newsweek*, September 6, 2000) (emphasis added)

- **In 1993, Dr. Samuel Waksal Financed A Documentary About The 1992 Democratic Convention Starring Robert Downey Jr.** "Mr. Waksal has also invested in a number of non-scientific ventures. In 1993, he put up the money to produce a feature-length documentary about the 1992 Democratic National Convention called The Last Party. Robert Downey Jr. and Donovan Leitch starred, and that tells you all you need to know about the project." (Frank DiGiacomo and Ian Blecher, "The Wacky Dr. Waksal," *The New York Observer*, April 22, 2002)

CASE STUDY #4: ENRON CORPORATION

On December 2, 2001 Enron Corporation Declared Bankruptcy—At The Time Enron Was The Biggest Company To Declare Bankruptcy In American History. While Many Democratic Officials And Media Outlets Have Linked Republicans To The Failed Energy Firm, For Many Years There Was A Close Relationship Between Enron, The Clinton Administration And Democratic Party Committees And Candidates.

- **During The Clinton Years, Enron Contributed Over $1 Million To Democratic Party Committees And Almost $500,000 To Democratic Candidates.** Throughout President Clinton's Administration, Enron contributed slightly more than $1 million to the Democratic Party, including almost $600,000 to the Democratic National Committee and another $200,000 to the Democratic Senatorial Campaign Committee. The bulk of these contributions came in denominations of $50,000 or more in unregulated soft money donations. Enron's PAC donated over $280,000 to Democratic candidates during the Clinton years and its employees and their family members gave another $206,000.

- **Former Enron Chairman Ken Lay And His Company Contributed Hundreds Of Thousands Of Dollars To Assist President Clinton And Vice President Al Gore.** "[Ken] Lay contributed $11,000 to former President Bill Clinton during his two campaigns; Vice President Al Gore got $13,750 from Enron in the 2000 election. During Clinton's eight years in office, the company and Lay contributed about $900,000 to the Democratic Party." (Stephen J. Hedges, "Enron 'Players' Worked D.C. Ties," *Chicago Tribune*, January 13, 2002)

- **The Democratic Senatorial Campaign Committee Alone Amassed Over $300,000 Of Enron's Largesse.** Since 1991, the DSCC received $306,300 from Enron and its employees. Two-thirds of the $306,300 from Enron came in to the DSCC coffers since 1999. Indeed, on November 26, 2001—only one week before Enron declared bankruptcy—the DSCC deposited three checks from Enron, totaling $100,000.

- **Thirty Members, Or 60 Percent, Of The Current Democratic Senate Caucus Have Received Campaign Contributions From Enron Since 1991.**

- In total, the 30 Senators, including four Senators who refunded all of their contributions to Enron, collected $113,103 from the bankrupt corporation.

- Seven Democratic Senators, including Senate Majority Leader Tom Daschle and Senate Budget Committee Chairman Kent Conrad (D-N.D.), accumulated $5,000 or more from Enron and its employees.

- Sen. Charles Schumer (D-N.Y.), who received almost $30,000 from Enron, is the leading recipient of Enron contributions among Democratic Senators. Following Schumer is Sen. Jeff Bingaman (D-N.M.) accepted over $14,000 from Enron, while Sen. John Breaux (D-La.) placed third, collecting $12,100.

- **Campaign Contributions To The Clinton-Gore Campaign And Senate Democrats Are Just Part Of The Close Connection Between Enron And The Democratic Party. Under The Clinton Administration, There Were Also Golf Outings With President Clinton And Enron Chairman Ken Lay, Private Meetings Between Enron Executives And Clinton Officials, White House State Dinners And Even A "Corporate Citizenship" Award.**

- **The Ties Between The Democratic Party And Enron Are Deep And Friendly.** "Relations with the Clinton White House included Enron chairman Kenneth Lay's golf outings with the president and Lay's face-to-face lobbying session with Clinton and Vice President Al Gore. . . . Former Clinton officials working for Enron, including a former chief of staff and a former White House counsel." (Robert Schlesinger, "Enron Ties May Also Tar Democrats; Company Lobbied Clinton, Donated To Top Legislators," *The Boston Globe*, January 24, 2002)

- **In April 1995, Ken Lay And His Wife Linda Attended A Clinton White House State Dinner In Honor Of Fernando Henrique Cardoso, President Of Brazil.** (Roxanne Roberts, "Dark Night at the White House," *The Washington Post*, April 21, 1995)

- **President Clinton Selected Enron's Ken Lay As A "Corporate Citizen" Who Used Business Techniques Advocated By The Clinton Administration.** "President Clinton, seeking to ease fears over job security, hosted a conference Thursday to highlight 'corporate citizens' who are doing well by doing good. 'I believe the power of example to change the behavior of Americans is enormous,' Mr. Clinton said. Then he turned the microphone over to corporate leaders, who shared stories of how they profited by building employee loyalty, using several techniques advocated by Mr. Clinton. The methods included giving employees time off for family emergencies, providing generous health and pension benefits, stressing workplace safety, subsidizing education and training, sharing profits and giving workers a voice in company decisions. . . . 'I think it's good to have an open dialogue,' said Kenneth Lay, chairman and CEO of Houston-based Enron Corp., a $13 billion natural-gas production and distribution firm. 'I appreciate the tone that the president has set, trying to address things in a nonemotional way.'" (George Rodrigue, "President Salutes Firms That Do Right By Workers," *The Dallas Morning News*, May 17, 1996) (emphasis added)

Enron Officials Had Regular Seats On Clinton White House Trade Missions During Both Terms Of The Clinton/Gore Administration.

- **Enron Executives Traveled So Often On Clinton Administration Trade Missions That The Company Was "Compelled" To Release A Statement Confirming That No Enron Employees Were With Secretary Ron Brown When His Plane Crashed.**

  > "In fact, Enron officials were so often part of Clinton's international trade missions that the company felt compelled to issue a news release saying no one from Enron was involved when a plane crashed in Croatia in 1996, killing all aboard, including then-Commerce Secretary Ron Brown." (Jack Douglas Jr. and Jennifer Autrey, "How Enron Massaged The Political Process," *Fort Worth Star-Telegram*, January 27, 2002)
  >
  > "Enron Corp. Confirms No Enron Executives On Board Commerce Secretary Ron Brown's Missing Plane." (Enron Corporation, Press Release, April 3, 1996)

- **A Sample Of Clinton Era Trade Missions That Included Enron Executives:**

  - **Russia In March and April 1994.** Rodney L. Gray, chairman and chief executive officer of Enron International, accompanied Brown on a trade mission to Russia in March and April of 1994. In Russia, Enron signed a deal to develop a market for Russian gas in Europe. (Center For Public Integrity Website, www.publicintegrity.org, February 6, 2002)

  - **India In January 1995.** Kenneth Lay, chairman and chief executive officer of the Enron Corporation, accompanied Secretary of Commerce Ronald Brown on the trade mission to India in January, 1995. In India, Enron signed a contract for a 2,000 megawatt power plant in Dahbol worth an estimated $400 million. Enron also won a contract to build a $920 million power plant on the West coast of India and a $1.1 billion contract for offshore gas and oil production. (Center For Public Integrity Website, www.publicintegrity.org, February 6, 2002)

  - **Bosnia and Croatia In July 1996.** "The Enron Development Corp. had good reason to be thankful when its president accompanied Commerce Secretary Mickey Kantor on a trade mission to Bosnia and Croatia last July. With Kantor's help in Croatia, Enron signed a memorandum of understanding to construct a 150-megawatt power plant that will cost $100 million or more to build." (Walter V. Robinson, "Donations Are Linked To Kantor Trade Missions," *The Boston Globe*, February 12, 1997)

  - **Brazil In May 1997.** "On Monday, Chicagoan [and then-Commerce Secretary] Daley kicked off a three-nation South American trade mission designed to boost U.S. business interests in the region and to lure Latin nations back to a steady trade relationship that the United States no longer takes for granted. . . . Commerce Department officials also have sought to show that Daley runs a more disciplined bureaucracy that shuns linking the coveted spots on official trade missions to political campaign contributions, which critics charged occurred under predecessor Ron Brown. But that does not mean some individuals accompanying Daley or the companies they represent did not make campaign contributions. For example, BellSouth Corp., Enron Corp., Motorola, McDonnell Douglas Corp. and other companies with executives accompanying Daley gave tens of thousands of dollars in so-called soft money during the 1996 campaign to Democrats and Republicans alike, according to Federal Elections Commission records." (Laurie Goering,

"Commerce's Daley Courts Brazil," *Chicago Tribune*, May 13, 1997) (emphasis added)

- **South Africa In December 1998.** "[F]or every South African and American who cares about jobs, and about making our economies work for all people, this is a very important trade mission. . . . These companies see a new Africa. They want to trade and invest more with countries that are moving from the margins to the mainstream of the global economy. . . . Another company is Enron [represented by Terrence Thorn]. They want to develop a $2,500 million gas pipeline and iron and steel facility in Mozambique that will mean thousands of jobs."—Then-Commerce Secretary William Daley, in a December 1, 1998 speech in South Afria (United States Information Agency, "United States and Africa," *Africa News*, December 2, 1998) (emphasis added)

- **China In April 1999.** "U.S. Commerce Secretary William Daley's infrastructure trade delegation to China this week produced several business deals. Some were part of the trade mission and others were timed to coincide with it: . . . Enron International China Pipeline, a wholly-owned subsidiary of Enron Corp. of Houston Texas, signed a memorandum of understanding with China National Petroleum Corporation on Wednesday to jointly develop a natural gas pipeline. The 765 kilometer pipeline, the first onshore pipeline to be built in cooperation with a foreign company, will transport natural gas from Sichuan Province to markets in Hubei Province." ("Daley's China Visit Nets Trade Deals For U.S. Companies," *ChinaOnline*, April 2, 1999) (emphasis added)

- **Egypt In October 1999.** "A group of US corporate executives headed by Commerce Secretary William Daley arrived here Wednesday hoping to exploit fresh trade opportunities with Egypt after a change of government. The delegation is looking forward 'to exploring commercial opportunities resulting from Egypt's economic reforms and ongoing privatisation reforms,' Daley said on his arrival here at the head of a delegation of 12 business leaders. Among the US companies represented were Nortel Networks, **Enron** Corporation [represented by Richard Bergsieker, Senior Vice President], ProNetLink.com and New York Life International." ("US **Trade Mission** To Explore New Privatisation Opportunities In Egypt," *Agence France Presse*, October 13, 1999) (emphasis added)

- **Latin America In February 2000.** "Commerce Secretary William Daley left Friday evening for Latin America with 19 US corporate executives on a US business-development mission focusing on information and communications technology, environment, and energy. Among the 19 executives are . . . Terrence Thorn, executive vice president of Enron. The mission will travel for eight days to the Southern Cone countries of Uruguay, Brazil, Argentina, and Chile. The key issue in that region is the privatization of power companies, not just at the federal level, as in the past, but now at the state and local levels, according to a Commerce Department official. In addition, the mission will look at ongoing and new opportunities in cross-border oil and gas pipelines." ("Daley Visits Latin America," *The Oil Daily*, February 14, 2000) (emphasis added)

- **Media Reports Show That The Clinton Administration Paid Special Attention To Enron's Business Needs And Provided Tangible Economic Benefits To Enron.**

Example #1: Enron Seeks Help From The Clinton Administration To Build A Power Plant In Dabhol, India.

- **On A Trade Mission To India In 1995, Secretary Of Commerce Ron Brown, Accompanied By Enron Chairman Ken Lay, Announced That The Federal Government Would Lend Enron $400 Million.** "Two federal export-finance agencies have agreed to lend nearly $400 million to an Enron Corp.-led group to build a $920 million electric power plant in India. The Export-Import Bank has agreed to lend $298 million, while the Overseas Private Investment Corp. will front an additional $100 million to help finance construction of a 695-megawatt power plant in Dabhol, India, about 100 miles south of Bombay. Meanwhile, a consortium of Indian banks, led by the Industrial Development Bank of India, has agreed to lend $ 95 million for the project. The plant will be built by a joint venture known as Dabhol Power Co. Houston-based Enron holds an 80 percent stake in Dabhol Power." (David Ivanovich, "Financing For Indian Plant Secured," *The Houston Chronicle*, January 17, 1995) (emphasis added)

- **At The Request Of President Bill Clinton, Former Chief Of Staff Mack McLarty Personally Monitored Enron's Energy Project In India.** "Bill Clinton's former chief of staff, now a White House counselor tucked away in the basement, provided assistance to businessmen who ponied up $1.5 million for the Democrats in the last election. On Nov. 22, 1995, for example, Clinton scrawled an FYI note to McLarty, enclosing a newspaper article on Enron Corp. and the vicissitudes of its $3 billion power-plant project in India. McLarty then reached out to Enron's chairman, Ken Lay, and over the next nine months closely monitored the project with the U.S. ambassador to New Delhi, keeping Lay informed of the Administration's efforts, according to White House documents reviewed by *Time*." (Michael Weisskopf, "That Invisible Mack Sure Can Leave His Mark," *Time*, September 1, 1997) (emphasis added)

- **Jeffrey E. Garten, President Clinton's Undersecretary Of Commerce For International Trade, Created An "Economic War Room" To Aid Enron And Other Corporations.** "From that Washington war room, the negotiators for the Enron Corporation, the lead bidder in the American consortium, have been shadowed and assisted by a startling array of Government agencies. In a carefully-planned assault, the State and Energy Departments pressed the firms' case." (David E. Sanger, "How Washington Inc. Makes A Sale," *The New York Times*, February 19, 1995)

- **When The Power Plant In India Suffered Setbacks, Clinton Administration Officials Lobbied The Indian Government To Guarantee Payments To Enron.** "When Enron's negotiations faltered last year, Energy Secretary Hazel R. O'Leary led a succession of Clinton Administration officials to India and persuaded Prime Minister Rao to approve guarantees that New Delhi would pay for the power generated by eight foreign-built power plants, including Enron's, if India's state electricity boards, notorious for their corruption and inefficiency, failed to pay." (John F. Burns, "Indian Politics Derail A Big Power Project," *The New York Times*, July 5, 1995)

- **The World Bank Said The Power Plant In India Was Not Economically Viable And Indian Citizens Protesting The Deal Were Routinely Beaten By Local Police Paid By Enron**. "In reviewing the proposal, the World Bank lambasted it as not economically viable and overwhelmingly lopsided in Enron's favor. Protests temporarily halted the project, which became an election issue. The reigning political party was cast out by opponents who promised

to end the boondoggle. In the United States, Enron fired workers who complained about the company's practices. In India, dissenters were beaten by goon squads. Local police, their expenses reimbursed by Enron as Indian law requires, routinely beat and arrested hundreds of peaceful marchers. Eyewitnesses told Human Rights Watch that a helicopter from the power plant was used to coordinate the police response." (Ted C. Fishman, "Enron Past Returns To Burn Us All," *USA Today*, January 29, 2002) (emphasis added)

- **Enron Used Many Of The Same Business Practices In India That It Used In The United States: "Dubious Accounting, Cronyism, Political Meddling And Abuse Of The People They Claim To Serve."** "Over the last decade, the company has been leaving its now familiar and distasteful track half a world away in the Indian province of Maharashtra, where it attempted to bring online a $2 billion-to-$3 billion power plant -- the largest foreign investment ever made in India. There, the company followed essentially the same strategies it has used here -- dubious accounting, cronyism, political meddling and abuse of the people they claim to serve -- that ultimately led to the ruination of $60 billion of investors' money and stoked the likelihood of more financial wreckage to come." (Ted C. Fishman, "Enron Past Returns To Burn Us All," *USA Today*, January 29, 2002) (emphasis added)

- **In The End, Enron Put The Highest Levels Of The Clinton Administration To Work To Help Build Their Failed Power Plant In India.** "In India, the company didn't pay to keep the U.S. government off its back; it put it to work. High-level U.S. officials routinely threatened the Indian government. A stream of U.S. government officials pitched in to grease the wheels of Indian officialdom for Enron. As at home, the entreaties raised questions about possible quid pro quos. In 1995, news reports detailed how our ambassador to India, Frank Wisner, persistently pressured the Indian government to side with Enron in its disputes with locals or risk losing U.S. direct investment." (Ted C. Fishman, "Enron Past Returns To Burn Us All," *USA Today*, January 29, 2002) (emphasis added)

Example #2: Enron Presses The Clinton Administration To Support The Kyoto Protocol.

- **Enron Stood To Profit From The Clinton Administration's Position On Global Warming Since The Kyoto Protocol "Dovetailed With Enron's Business Plans."** "The Clinton administration's interest in an international agreement to combat global warming also dovetailed with Enron's business plans. Enron officials envisioned the company at the center of a new trading system, in which industries worldwide could buy and sell credits to emit carbon dioxide as part of a strategy to reduce greenhouse gases. Such a system would curtail the use of inefficient coal-fired power plants that emitted large amounts of carbon dioxide, while encouraging new investments in gas-fired plants and pipelines -- precisely Enron's line of business." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002)

- **After Meeting With President Clinton, Vice President Gore And Treasury Secretary Robert Rubin, Ken Lay Told Enron Employees That The Clinton Administration Favored Enron's Position On An "Emissions-Trading System."** "On Aug. 4, 1997, Lay and seven other energy executives met with Clinton, Gore, Rubin and other top officials at the White House to discuss the U.S. position at the upcoming conference on global warming in Kyoto, Japan. Lay, in a memo to Enron employees, said there was broad consensus in favor of an

emissions-trading system. Enron officials later expressed elation at the results of the Kyoto conference. An internal memo said the Kyoto agreement, if implemented, would 'do more to promote Enron's business than almost any other regulatory initiative outside of restructuring the energy and natural gas industries in Europe and the United States.'" (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002) (emphasis added)

- **The Clinton Administration Supported Policies Advocated By Enron Regarding Greenhouse Gases And Global Warming.** "The company placed a substantial bet on federal support for limits on the greenhouse gases causing global warming. Enron officials hoped to exploit a new market in industry for carbon-emissions credits, similar to the one that developed for sulphur credits after clean-air legislation was enacted in 1990. Lay joined the Union of Concerned Scientists and environmental groups in calling for curbs on carbon in the atmosphere. The Clinton administration was supportive, but this year the Bush administration reneged on a campaign pledge to impose limits on greenhouse gas emissions from coal-burning power plants." (Dan Morgan and Juliet Eilperin, "Campaign Gifts, Lobbying Built Enron's Power In Washington," *The Washington Post*, December 25, 2001) (emphasis added)

- **Despite The Enron-Clinton Alliance, The U.S. Senate Unanimously Instructed The Clinton Administration Not To Agree To The Kyoto Protocol.** "[T]he effort faced powerful opposition from automakers, oil companies and utilities. In early 1997 the Senate unanimously instructed the administration not to agree to any carbon-reducing strategy that would harm the U.S. economy." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002)

Example #3: Enron Presses The Clinton Administration To Support Electricity Deregulation In The U.S.

- **The Enron Chairman Met With Clinton Energy Secretary Federico Pena To Discuss Deregulating The Electricity Industry At A Faster Pace Than That Advocated By Then-Senate Energy Committee Chairman Frank Murkowski.** "At [Enron Chairman Ken] Lay's meeting with [Secretary of Energy Federico] Pena on Feb. 20, 1998, he spoke of restructuring the U.S. electricity market in ways that would benefit Enron. Lay pressed the administration to propose legislation that would assert federal authority over a national electricity market. According to a company version of the meeting, Lay and Pena agreed that a go-slow approach to deregulation, advocated by Senate Energy Committee Chairman Frank H. Murkowski (R-Alaska), was unacceptable." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002)
- **Energy Secretary Pena Solicited Comments From Enron On The Clinton "Comprehensive National Energy Strategy."** "Pena asked Enron officials to keep Energy Department staffers posted on developments in Congress, and solicited comments on the administration's draft of its Comprehensive National Energy Strategy, an Enron document said. Lay felt the draft was 'headed in the right direction' except for a few points, the document said." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002)

- **Only Weeks After Meeting With Enron Chairman Ken Lay, The Clinton Administration Put Forward A Plan To Deregulate America's Electricity Industry.** "The Clinton administration Wednesday unveiled a proposal to deregulate the nation's electricity markets by

2003, a plan it says could save the typical Houston household $229 a year in lower electric bills. In an effort to overhaul regulations that date back to the New Deal days of Franklin Roosevelt, the White House plan would allow consumers to choose which electric company will supply power to their homes and businesses. 'This proposal will help bring America's electric industry into the modern era, and it will save Americans $ 20 billion a year,' Energy Secretary Federico Pena said." (David Ivanovich, "Clinton Power Deregulation Plan Detailed," *The Houston Chronicle*, March 26, 1998)

- **An Enron Spokeman Said That The Company Was Encouraged By The Clinton Plan.** "Houston-based Enron Corp., a gas and electricity utility that has been aggressively pushing into newly deregulated state markets and is increasingly competing with Southern Co., said it was encouraged by the plan. 'We like that there's an absolute deadline for competition,' said Enron Senior Vice President Steven Kean." (Matthew C. Quinn, "Plan For Deregulating Nation's Electric Utilities Finally Sent To Congress," *The Atlanta Journal and Constitution*, March 26, 1998)

- **Enron Executives Understood That The Clinton Energy Plan Would End Up Creating Competition In The Electricity Industry Which Would Benefit Enron.** "Under the Clinton plan, states would not be compelled to open up their markets to competition. States could retain the status quo if they decided their consumers would be better off with a regulated, monopoly system, although they would be forced to hold public hearings to explain why competition would not work. That provision is much to the liking of officials at Houston-based Enron Corp., the natural gas and power giant that has led the electricity deregulation push. Calling it 'a rather dubious out,' Steve Kean, Enron's senior vice president for government affairs, said he has a hard time envisioning public officials standing up to say 'that monopoly is better.' 'In the United States of America, I don't see how that happens,' Kean said. 'I don't see that happening anywhere.'" (David Ivanovich, "Clinton Power Deregulation Plan Detailed," *The Houston Chronicle*, March 26, 1998) (emphasis added)

Example #4: The Clinton Administration Assists Enron In Securing An Agreement To Build A Pipeline In China.

- **The U.S.-China Forum On Environment and Development, Initiated by Vice President Al Gore and Chinese Premier Li Peng in March 1997, Helped Enron Invest In A Natural Gas Pipeline In China.** "U.S. and Chinese officials signed a flurry of energy and environmental agreements last week, including a landmark deal allowing Enron Corp. to make the first foreign investment ever in an on-shore Chinese natural gas pipeline. . . . Enron Corporation signed a memorandum of understanding on a natural gas pipeline project with China National Petroleum Corporation for the joint development of a natural gas pipeline in south central China. The agreement paves the way for the first-ever foreign investment in an on-shore, natural gas pipeline in China. The pipeline agreement came out of U.S.-China discussions on natural gas policy at the U.S.-China Oil and Gas Industry Forum, held under the auspices of the Energy and Environment Cooperation Initiative (EECI)." (Linda Gasparello, "U.S., China Ink Gas Pipeline, Emissions Trading Agreements," *The Energy Daily*, April 14, 1999)

- **Major Media Organizations Often Linked Clinton Administration Positions Regarding Energy Policy With The Campaign Contributions Of Enron.**

In 1996, A Senior Enron Executive Attended One Of The Infamous Clinton White House Coffees; Shortly Thereafter, Enron Donated $100,000 To The Democratic National Committee.

- **Senior Vice President Terrence Thorn Attended A White House Coffee On March 5, 1996.** "A look at Lone Star participation casts a revealing light on the coffee klatches now at the center of a storm over fund-raising practices by the president and the Democratic Party. Using guest lists supplied by the White House, *The Dallas Morning News* attempted to contact each of the 47 Texans who attended the events. The Texans who participated, or their companies, gave at least $1.5 million to Mr. Clinton's campaign or Democratic Party committees in the last election, Federal Election Commission records show. . . . Terrance Thorn, senior vice president of government affairs with Houston-based Enron Corp., gave $100,000 to the party three months after he attended a March 5, 1996 coffee. In 1991-92, Enron gave just $ 28,500 to the Democratic Party." (Susan Feeney, "Democrats' Coffee Sought Texans' Gifts," *The Dallas Morning News*, February 28, 1997) (emphasis added)

- ***The Boston Globe* Found That Enron Contributed $100,000 To The Democratic National Committee Only A Week Before Sending Representatives To Join Commerce Secretary Mickey Kantor On The Trade Mission To Bosnia.** "Whether it was coincidence or gratitude, Enron made a $100,000 contribution to the Democratic National Committee on July 5, six days before the trip began. During his nine-month tenure at Commerce, Kantor led only two small trade missions abroad. But an analysis done for *The Boston Globe* found that four of the companies invited, including Enron, gave the Democratic Party one-shot contributions of $100,000 or more just before or after the trips." (Walter V. Robinson, "Donations Are Linked To Kantor Trade Missions," *The Boston Globe*, February 12, 1997)

- ***Time* Magazine Reported That Enron Made A Huge Soft Money Contribution To The Democratic Party Only Days Before India Granted Final Approval For The Power Plant.** "In June 1996, four days before India granted final approval to Enron's project, Lay's company gave $100,000 to the President's party." (Michael Weisskopf, "That Invisible Mack Sure Can Leave His Mark," *Time*, September 1, 1997)

- ***The Washington Post* Connected Decisions By The Clinton Federal Energy Regulatory Commission With Contributions By Enron To The President's Party.** "In 1996, the Federal Energy Regulatory Commission, stocked with Clinton appointees, helped Enron with a series of orders that weakened the monopoly of nuclear and coal-burning utilities. In July of that year, Enron gave $100,000 to the Democratic Party." (Dan Morgan, "Enron Also Courted Democrats," *The Washington Post*, January 13, 2002)

- **Another *Boston Globe* Report Showed That Under President Clinton, Companies That Donated To The Democratic Party—Like Enron—Won Seats On Trade Missions And Received An Average Of $200 Million In Federally Guaranteed Assistance From OPIC.** "Businesses that gave Democratic Party committees more than $2.3 million and won coveted seats on US trade missions during President Clinton's first term secured nearly $5.5 billion to support their foreign business operations from a federal investment agency. In all, 27 corporations that sent executives on trade trips with the late Commerce Secretary Ronald H.

Brown obtained part of a multibillion-dollar commitment in federally guaranteed assistance from the Overseas Private Investment Corp., according to a Globe analysis of fund-raising records, trip manifests, and OPIC documents. All but three of the 27 OPIC recipients donated to Democratic Party committees, and most of them gave between $50,000 and $358,000 during Clinton's first term." (Bob Hohler, "Trade-Trip Firms Netted $5.5B In Aid," *The Boston Globe*, March 30, 1997)

- **Media Reports Have Linked Public Policy Decisions By Democratic Officials To Political Contributions From Enron Corporation.**

- ***The Washington Post* Reported That Senator Charles Schumer, Who Sits On The Banking And The Energy Committees, Received Financial Support From Enron After Endorsing Power Deregulation.** "Enron's political pragmatism was demonstrated in the 1998 New York Senate election, when it dropped its support of the Republican incumbent, Alfonse M. D'Amato, after Democrat Schumer endorsed Enron's goal of wholesale deregulation, sources said. Lay reciprocated by hosting several fundraisers for Schumer, and Enron's political action committee contributed $7,500 to the Schumer campaign." (Dan Morgan and Juliet Eilperin, "Campaign Gifts, Lobbying Built Enron's Power In Washington," *The Washington Post*, December 25, 2001) (emphasis added)

- **Enron Officials Praised Schumer For "Keeping A Campaign Promise" To Support Energy Deregulation.** "Two months after Kenneth Lay, then the boss of Enron, held a Texas fund-raiser for Chuck Schumer, the senator-elect asked for a review of federal power contracts that eat into utility company profits. A Schumer spokesman denied any quid pro quo, but Enron officials praised the senator's action in 1998 and said his letter asking for the review was a signal he was keeping a campaign promise to push for energy deregulation." (Kenneth R. Bazinet, "Chuck Had Gone To Bat For Backer," *The New York Daily News*, February 4, 2002) (emphasis added)

- **Enron Hired Clinton Administration Officials And High Level Democratic Staffers To Lead Its Washington D.C. Lobbying Effort.**

- **Many Of The Most Senior Members Of The Clinton/Gore Administration Found Their Way Onto Enron's Lobbying Payroll.** "Among former Democratic senior officials who later did work for the energy giant were Mack McLarty, a Clinton chief of staff; Clinton's head of the Federal Energy Regulatory Commission, Elizabeth Moler; Al Gore's chief of staff, Jack Quinn; and Linda Robertson, top lobbyist for Clinton's Treasury Department." (Judy Keen, "Enron Proves A Touchy Topic For Both Parties," *USA Today*, January 14, 2002)

- **Clinton Treasury Official Linda Robinson Accepted Paid Trips From Enron While She Lobbied On Legislation That Exempted Energy Trading—The Business Of Enron—From Tougher Regulatory Scrutiny.** "Last year, as Congress and the Clinton administration debated whether to exercise more oversight of the financial instruments used by Enron and other companies to trade energy contracts, Mr. Lay courted Linda Robertson, a senior Treasury official who was the department's liaison with Congress. Ms. Robertson twice accepted paid trips to talk with company executives while she was still employed at the Treasury, her financial disclosure shows. The measure that became law, the Commodity Futures Modernization Act of 2000, specifically exempted energy trading from the regulatory scrutiny applied to brokers of money, securities and commodities. Ms. Robertson, who became the head of Enron's

Washington office, did not return a phone call seeking comment." (Joseph Kahn and Jeff Gerth, "Enron's Collapse: The Politics," *The New York Times*, December 4, 2001)

- **Former Treasury Secretary Robert Rubin Contacted Bush Administration Officials Regarding Enron's Collapse, But Was Quickly Rebuffed.** "Former Clinton Treasury secretary Robert E. Rubin telephoned a top Treasury official last fall to explore whether the Bush administration could intervene on behalf of Enron Corp. as the giant energy company neared collapse, officials said yesterday. Rubin, chairman of the executive committee at Citigroup, one of Enron's main creditors, called Peter Fisher, Treasury undersecretary for domestic finance, and asked 'what he thought of the idea' of calling bond-rating agencies to help forestall a crippling reduction in Enron's credit rating, according to a statement released by the Treasury Department. Fisher told Rubin that he didn't think it was advisable, and did not make a call, Treasury said." (Dana Milbank and Susan Schmidt, "Rubin Asked Treasury About Aid To Enron," *The Washington Post*, January 12, 2002)

- **President Clinton's Ambassador To India Joined The Board Of Directors Of An Enron-Controlled Company Shortly After Leaving The Foreign Service.** "After leaving government service in 1997, [U.S. Ambassador to India Frank] Wisner was appointed to the board of directors of a then-Enron-controlled company." (Ted C. Fishman, "Enron Past Returns To Burn Us All," *USA Today*, January 29, 2002) (emphasis added)

- **Even Top Democratic Congressional Staffers Were Retained To Assist Enron.**

- **Michael Lewan, Former Chief Of Staff To Senator Joseph Lieberman, Was A Registered Lobbyist For Enron.** "Senator Joseph I. Lieberman embodies how the Enron Corporation's collapse has tied the capital in political knots. Already, Mr. Lieberman, the Connecticut Democrat who will strike the gavel on Thursday to open the new year's first Congressional hearing on Enron, has been buffeted by criticism from both sides of the aisle for his stewardship of one of the many Congressional committees investigating Enron's spectacular fall. Republicans complain that Mr. Lieberman should recuse himself because his former chief of staff, Michael Lewan, was a lobbyist for Enron." (Don Van Natta Jr., "Enron Spread Contributions On Both Sides Of The Aisle," *The New York Times*, January 21, 2002)

- **Lewan Met Three Times With Senator Lieberman's Staff And Tried To Arrange A Meeting With Enron Executives And Senator Lieberman.** "Sen. Joseph Lieberman's former top aide met three times with the senator's staff while an Enron Corp. lobbyist and tried unsuccessfully to arrange a meeting between Enron's chairman and Lieberman, who now is investigating the company's collapse. . . . Lewan met with the Senate Governmental Affairs Committee's energy expert, David Berick, on price gouging in California. He discussed the company's broadband business with Chuck Ludlam of Lieberman's personal staff. And he had an introductory, courtesy meeting with the committee staff director, Joyce Rechtschaffen." (Larry Margasak, "Ex-Lieberman Aide Lobbied For Enron," *The Associated Press*, January 17, 2002)

Former Clinton Administration Officials Continued To Lobby For Enron While They Also Raised "Significant" Amounts Of Money For Democratic Senate Candidates.

On January 23, 2002 There Was A Major Fundraising Event For North Carolina

Democrat Erskine Bowles In Washington, D.C. Among Those Sponsoring The Event Were Former Commerce Secretary Mickey Kantor—Connected To Enron Lobbyists—And Greg Simon—An Enron Lobbyist.

- **Only Weeks Ago, Erskine Bowles Raised "A Lot Of Money" From A Fundraising Event With Enron Lobbyists.** "Erskine Bowles got together Wednesday night with some former co-workers -- from the Clinton White House -- and raised tens of thousands of dollars for his U.S. Senate campaign. About 20 top-tier Clinton administration officials helped sponsor a Washington fund-raising reception for Bowles, a former White House chief of staff, at the home of well-known lawyer and Clinton pal Vernon Jordan. Invitations to the $ 500-per-person event listed four former Clinton Cabinet secretaries among the hosts and co-sponsors: Bruce Babbitt from Interior; Dan Glickman from Agriculture; Alexis Herman from Labor; and Mickey Kantor from Commerce. In their invitation, the sponsors said they had 'worked closely with Erskine for many years' and had 'enormous respect for him as a public servant and deep affection for him as a friend.' . . . The Bowles camp didn't release an estimated take for the night, but campaign spokesman Brad Woodhouse said, 'You can rest assured, it's going to be a lot of money.' 'He wouldn't be in Washington if it wasn't going to be a significant amount,' Woodhouse said." (John Wagner, "Gathering Fills Coffers For Bowles," *The Raleigh News and Observer*, January 24, 2002) (emphasis added)
- **Mayer, Brown & Platt, Mickey Kantor's Current Law Firm, Has Been A Registered Lobbyist For Enron Corporation Since 2000.** At Mayer, Platt & Brown, former Commerce Secretary Mickey Kantor practices corporate and financial international transactions law. Much like he did for Enron in Bosnia and Croatia during a 1996 trade mission, Kantor works with clients to expand opportunities in foreign markets through trade, direct investment, joint ventures and strategic business alliances. (*Washington Representatives 2000,* Columbia Book, Inc, p. 385; *Washington Representatives 2001,* Columbia Book, Inc, pp. 403-404; Mayer Platt & Brown Website, www.mayerbrown.com, February 8, 2002)

- **Enron Lobbyist And Al Gore Advisor Greg Simon Also "Co-Sponsored" The Fundraising Event For Erskine Bowles.** "Greg Simon, who spearheaded the cable open-access effort for America Online Inc. after leaving the Clinton White House, has signed up to lobby for Enron Corp., the Houston-based energy trading company with close political ties to the Bush Administration. Simon -- a top media and telecommunications adviser to former Vice President Al Gore and founder of his own lobbying firm, called Simon Strategies -- filed a lobbying-registration form with the clerk of the House of Representatives on June 18. He also registered Simon Strategies assistants Kristan Van Hook and Ann Morton as Enron lobbyists." (Ted Hearn, "Ex-Gore Aide Simon Will Lobby For Enron," *Multichannel News*, July 02, 2001)

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CASE STUDY #5: ARTHUR ANDERSEN LLP

Once One Of The Most Respected Accounting Firms In The World, Arthur Andersen LLP Was Indicted In March 2002 In Connection With Shredding Enron-Related Documents During A Securities And Exchange Commission Probe Into The Former Energy Giant. Arthur Andersen Was Also Charged Under A Federal Witness-Tampering Law That Makes It A Crime To "Corruptly Persuade" Others To Withhold Evidence From An Official Government

Proceeding.

On June 15, 2002 *The Wall Street Journal* Reported That "A Federal Jury Convicted Arthur Andersen LLP Of A Single Felony Count Of Obstructing An Official Government Proceeding, Delivering A Verdict That Will Forever Stain The Legacy Of This Once-Revered American Institution. The Conviction, Decided Saturday On The Tenth Day Of Deliberations, Bars Andersen From Auditing The Financial Statements Of Companies Registered With The Securities And Exchange Commission." (Jonathan Weil And Alexei Barrionuevo, "Arthur Andersen Is Convicted On Obstruction-of-Justice Count," *The Wall Street Journal,* June 16, 2002)

- **Arthur Andersen LLP, Along With The Other Major Accounting Firms, Have Been Leading Supporters Of Democratic Party Committees And Democratic Candidates For Many Years.**

- **A Recent Study By The Non-Partisan Center For Responsive Politics Found That Democratic Party Interests Have Accumulated Over $22 Million From The Accounting Industry.** According to the Center For Responsive Politics accounting interests have contributed $22,295,966 to Democratic party committees and candidates since 1991. In 1999-2000, the last full election cycle, the accounting industry donated over $5.6 million to Democratic concerns—an increase of over $2 million from the 1997-1998 election cycle. (Center For Responsive Politics, www.opensecrets.org, July 17, 2002)

- **The Accounting Industry Provided Many Of The Early Contributions For Bill Clinton's Reelection Campaign in 1996.** "During the first three quarters of 1995 alone, CPAs and other employees of U.S. accounting firms contributed nearly $250,000 to help fill the Clinton-Gore re-election committee presidential re-election war chest. . . . Because the Clinton-Gore team refuses to accept donations from Political Action Committees sponsored by CPA firms or other groups, the $247,800 donated to the president by accountants through Sept. 30, 1995 is especially significant." (Ken Rankin, "Incumbency Has Its Rewards: Clinton Grabs CPAs' Big Bucks," *Accounting Today*, April 22, 1996) (emphasis added)

- **For More Than A Decade, Democratic Candidates And Party Committees Have Benefited From The Generosity Of Arthur Andersen And Its Employees.**

- **Arthur Andersen LLP Has Given Over $2.3 Million To Democratic Interests.** Since the 1991-1992 election cycle, Democratic party committees and Democratic candidates have raised $2.3 million from Arthur Andersen and its employees, including over $650,000 during the past election cycle.

- **Since 1991, The National Democratic Party And Affiliated Committees Have Raised Over $567,000 From Arthur Andersen LLP.** Over the past decade, Arthur Andersen and its employees have contributed $567,400 to the Democratic Party, including $169,800 in unregulated soft money donations.

- **In Just The Last 10 Years, Current Democratic Members Of The U.S. Senate And The Committee That Oversees Their Election Have Raised Almost $670,000 From Arthur Andersen.**

- **Over the past decade, the Democratic Senatorial Campaign Committee has accepted $186,500 from Arthur Andersen and its employees.**
- **Ninety Percent Of The Sitting Democratic Senators Have Accepted Campaign Contributions From Arthur Andersen, Amassing Close To $500,000.** Since the beginning of the 1990s, 45 current members of the Democratic Senate caucus have deposited a total of $482,827 from Arthur Andersen. Only five Democratic Senators have not been recipients of the Arthur Andersen's largesse.
- **Many Of The Senate Democratic Leaders And Committee Chairmen Have Received Tens Of Thousands Of Dollars From Arthur Andersen And Its Employees.** Sen. Christopher Dodd (D-Ct.) leads all Democratic Senators with over $54,000 in campaign contributions from Arthur Andersen. Tom Daschle's principal campaign committee and his affiliated committees have raised $29,000, while Majority Whip Harry Reid (D-Nev.) has accepted $17,500 from Arthur Andersen.

Democratic Senate Recipients Of Contributions From

Arthur Andersen LLP And Its Employees: 1991-Present

Rank	Senator	Amount
1	Dodd, Christopher J (D-Conn.)	$ 54,793
2	Schumer, Charles E (D-N.Y.)	$ 39,834
3	Wyden, Ron (D-Ore.)	$ 32,440
4	Daschle, Thomas A (D-S.D.)	$ 29,000
5	Kennedy, Edward M (D-Mass.)	$ 22,750
6	Bayh, Evan (D-Ind.)	$ 22,250
7	Feinstein, Dianne (D-Calif.)	$ 20,450
8	Torricelli, Robert G (D-N.J.)	$ 19,000
9	Harkin, Tom (D-Iowa)	$ 18,400
10	Kerry, John F (D-Mass.)	$ 18,100
11	Lieberman, Joseph I (D-Conn.)	$ 17,750
12	Reid, Harry M (D-Nev.)	$ 17,500

13	Hollings, Ernest F (D-S.C.)	$ 15,460
14	Mikulski, Barbara A (D-Md.)	$ 14,750
15	Conrad, Kent (D-N.D.)	$ 14,250

- **Every Democratic Senate Incumbent Seeking Reelection in 2002 Has Deposited Campaign Contributions From Arthur Andersen.** All 14 Democratic Senators seeking reelection in November 2002 have received political funds from Arthur Andersen. Leading the Group of 14 is Sen. Robert Torricelli (D-N.J.), who has raised $19,000 from Arthur Andersen since 1991. Sen. Tom Harkin (D-IA) is close behind Torricelli with $18,400 in donations from the controversial accounting firm.

- **Arthur Andersen LLP Benefited From 1995 Legislation Sponsored By Current Securities and Investment Subcommittee Chairman Christopher Dodd (D-Conn.)—The Leading Democratic Senate Recipient Of Campaign Contributions From The Embattled Accounting Firm.**

- **In 1995 Sen. Christopher Dodd (D-Conn.) Joined Republicans To Pass Legislation, Over President Clinton's Veto, That Shielded Accountants From Investor Lawsuits.** "Corporate law experts and investor advocates say some of the same people who are now professing moral outrage over Enron's collapse and the $60 billion-plus loss to investors, and who are groping for legislative and regulatory fixes, actually helped create a legal climate for Enron and Arthur Andersen to push the envelope. First, in 1995, the group of lawmakers and lawyers pushed successfully for legislation that shielded companies and their accountants from investor lawsuits. Then, five years later, the group succeeded in forcing regulators to dilute proposed restrictions on accountants. The group includes the current chairman of the Securities and Exchange Commission and three House and Senate committee chairmen now involved in the cleanup who have been among the accounting industry's largest campaign recipients. . . . The law, passed after heavy lobbying from Andersen, the rest of the accounting industry and Silicon Valley, shielded executives from liability for making dubious financial projections." (Stephen Labaton, "Now Who, Exactly, Got Us Into This?" *The New York Times*, February 3, 2002) (emphasis added)

- **Almost Half Of The Democratic Senate Caucus Sided With The Accounting Industry Over Democratic President Bill Clinton.** "Nearly half of all Senate Democrats voted to defy Clinton on the issue, making it Congress's only successful veto override of the president during his two terms in office. On the House side, 89 Democrats joined 230 Republicans in voting for the override." (Jim VandeHei and Juliet Eilperin, "Political Caution In Zeal for Reform; Hill Plays Down Its Pro-Business Past," *The Washington Post*, July 13, 2002) (emphasis added)

- **Senator Dodd Sided With His Accountant Supporters, Instead Of President Clinton, And Personally Lobbied House Members To Override Clinton's Veto.** "The accounting industry's strong Congressional supporters who wrote the 1995 law included three lawmakers who have now emerged in central roles in investigating Enron and proposing possible new legislation. . . . Mr. Dodd, chairman of the Senate banking subcommittee on financial

institutions, was a chief sponsor of the 1995 measure. Mr. Dodd, perhaps the accounting industry's closest friend in Congress, went so far as to lobby House members personally to approve the legislation over President Clinton's veto. What made his campaign so politically fascinating was that when he broke ranks with the White House, he was chairman of the Democratic National Committee." (Stephen Labaton, "Now Who, Exactly, Got Us Into This?" *The New York Times*, February 3, 2002) (emphasis added)

- **By Working To Complete The First Override Of A Bill Clinton Veto, Senator Dodd's Actions Embarrassed The Clinton Administration.** "The Senate voted Friday to override President Clinton's veto of a bill restricting shareholders' ability to sue for securities fraud, completing the first veto override of the Clinton presidency. . . . The vote was a particular embarrassment to the president because the Senate defeat was at the hands of the chairman of the Democratic Party, Sen. Christopher Dodd (D-Conn.), who has worked since 1991 on changing securities law." (Robert A. Rosenblatt and Gebe Martinez, "Senate Completes First Override Of Clinton Veto," *Los Angeles Times*, December 23, 1995)

- **A Study By Common Cause Revealed That Arthur Andersen Has Retained A Dozen Prominent Democrats To Lobby On Behalf Of The Accounting Firm.** "Scores of former lawmakers and aides have also spun through this city's revolving door and into high-paying jobs representing corporations. According to a report just issued by Common Cause, Arthur Andersen retained seven Republicans and 12 Democrats last year to press its case on the Hill, along with two lobbyists who had worked for both parties." (Jim VandeHei and Juliet Eilperin, "Political Caution In Zeal for Reform; Hill Plays Down Its Pro-Business Past," *The Washington Post*, July 13, 2002)

APPENDIX

The donors included in this study were assembled by including corporations and contributors under scrutiny for their business practices. The following corporations were identified by House Minority Leader Gephardt's 26-page report titled "Drive to Deregulate: GOP Congress Paved the Way for Enron & Other Corporate Misdeeds":

- Waste Management
- Microsoft
- Tyco International
- Rite Aid
- ImClone Systems
- Global Crossing
- Qwest
- Xerox
- PeopleSoft
- Halliburton
- Peregrine Systems
- Adelphia Communications
- MCI WorldCom

In addition, the following corporations were identified for their questionable business practices by the Center For Responsive Politics:

- Kmart
- Reliant Energy
- CMS Energy
- Computer Associates
- Lucent Technologies
- PNC Financial Services
- MicroStrategy
- Network Associates

Finally, recent news reports have raised questions regarding the business practices of the following:

- Merck & Co. Inc.
- Bristol-Myers Squibb
- Leo J. Hindery Jr. and LJH Partners LP